



# Board of Trustees

**Board Meeting**

**August 25, 2017**

**McPherson, Kansas**

KMU

2090 E. Avenue A.

9:00 AM

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

**9:00 AM, Friday, August 25, 2017  
KMU\*, McPherson, KS**

1. Welcome, Introductions and Call To Order (Vice President Randy Frazer)
2. Trustee Absences from Meeting (Frazer)
3. Minutes, June 23, 2017—Pittsburg (Frazer)
4. Financial Reports (Kifer)
  - a. June 30, 2017 Financials
  - b. July 31, 2017 Financials
  - c. Second Quarter (6/30) 2017 KID Report
  - d. July 31, 2017 Cash/Investments Summary
5. Reserve Advisory & Settlement Authority (Miller)
6. Loss Control Activities (Rhodes)
7. 'LCM' (Rate) Review/2018 Rate Determination (Cornejo)
8. CORnerstone Contract (Cornejo)
9. TRISTAR Contract (Schultz)
10. Nominating Committee Report (Dillner)
11. Advisory Board Proposal (Osenbaugh)
12. Pool Administrator Contract Revision/Extension (Osenbaugh)
13. Other Business
14. Adjourn (approximately noon)

## **Lunch**

# KANSAS MUNICIPAL INSURANCE TRUST

## Board of Trustees Minutes from June 24, 2017

*Unapproved*

**Meeting Convened:** Friday, June 24, 2017, at Fire Station #1, in Pittsburg, KS. The meeting was called to order by KMIT President Debbie Price at 9:06 AM.

**Attendees:** *Board Trustees Present:* President Price (Marysville), Vice President Randy Frazer (Moundridge), Immediate Past President Tim Hardy (Elkhart), Kerry Rozman (Clay Center), Janie Cox (Haysville), Carey Steier (Pittsburg), Michael Reagle (Garden City), Michael Webb (Edwardsville), and Keith Schlaegel (Stockton). *Staff:* Gene Miller (TRISTAR), Andrea Neff (TRISTAR), Jess Cornejo (CORnerstone), Deanna Furman (CORnerstone), Barbie Kifer (CORnerstone), Renee Rhodes (IMA), and Don Osenbaugh (KMIT Pool Administrator). *Guest:* Stuart Bach (Summers, Spencer & Co.--financial auditor).

**Trustees Absent From Meeting:** Treasurer David Dillner (El Dorado) and Ty Lasher (Bel Aire).

**Minutes: April 28, 2017, Marysville:** Motion to approve by Frazer; seconded by Schlaegel. Approved unanimously.

### **Financial Reports:**

- 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--Revised
- e. May 31, 2017 Cash/Investments Summary

All the above financial reports were unanimously approved, upon a motion by Frazer and a second by Webb.

**2017 Actuary Report:** Cornejo gave an overview/analysis of the annual actuary report prepared by Milliman. The highlights of the report included the fact that the IBNR (Incurred But Not Reported) number was adjusted down by \$477,350 at the close of 2016, by Milliman, which represents, therefore, a similar/corresponding increase in the net worth (total fund balance) of KMIT. Motion to receive and file by Rozman; second by Cox. Unanimously supported.

**2015/2016 Financial Audit:** Stuart Bach, of Summers, Spencer & Co. (longtime KMIT financial auditors) presented the annual audit and answered questions. There were no issues related to the audit. The year-end fund balance as of 12/31/16 was reported as \$5,975,000 (compared to \$5,676, 332 on 12/31/15).

### **Reserve Advisory and Settlement Authority:**

Miller reported on the following claims, all of which were Reserve Increase Advisory only:

1. Claim #2015070934 (Columbus).
2. Claim #2016074411 (El Dorado).
3. Claim #2016075384 (Wellington).
4. Claim #2017076410 (Garden City)
5. Claim #2014045788 (Pittsburg).



Neff was asked to make some observations about her first few months as KMIT Claims Adjuster, which she did.

**Loss Control Activities:** Rhodes overviewed and discussed the several regular risk control updates.

**Appointment of 2017 KMIT Nomination Committee:** Dillner, as the current Board Treasurer, is, by formal policy, this year's Committee Chair. President Price appointed Hardy and Rozman to be on the committee. Trustees whose current term ends this year, but are eligible to serve at least one more term, include: Frazer, Cox, Lasher, Steier and Reagle. Price is term-limited, therefore that position must be selected/nominated by the committee from the membership. Trustees up for probable re-election were asked to notify Dillner or Osenbaugh if they desire to retire from the Board.

**Pool Administrator Contract:** Osenbaugh distributed a handout of some revisions to his current contract, and asked that the Board extend the current contract by one year, to now run through 12/31/20. The Board unanimously approved the request, with some minor additions, following a motion by Frazer and a second by Schlaegel. A formal addendum/extension will be brought back to the August meeting for review.

**Other Business:** Osenbaugh reviewed the remainder of the documents in the off-agenda section of the packet, specifically mentioning that the By-Laws need not be reviewed by the AG's office before being sent out to the membership, but ONLY AFTER the revised By-Laws are adopted by the General Membership on September 17. As per the current By-Laws, the revised B-L's will be mailed to each city before August 17.

Osenbaugh also discussed the 'June Mod Project', the just-out 'Summer' CCCS newsletter (and the difficulty of transmitting information to the cities), the retirement of KMIT's Commerce Bank investment advisor (Greg Nelson retired; Ryan Box took his place), the anticipated change at this coming annual renewal to staff-estimated payrolls, and added a reminder that the Annual Meeting comes early this year.

**Adjournment:** Motion to adjourn by Rozman; second by Reagle. Unanimous. Adjourned at 12:20 PM.



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

# KMIT Balance Sheet

June 30, 2017

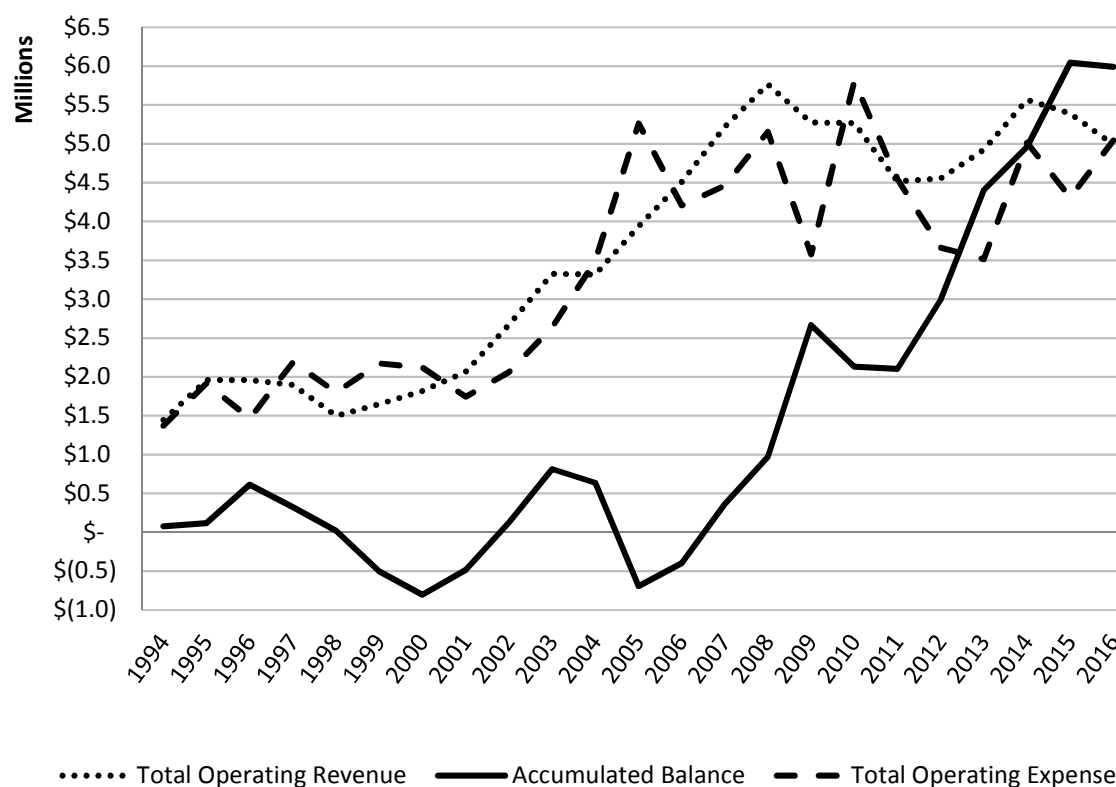
## ASSETS

Checking Accounts	\$ 253,609
Investments	\$ 15,937,231
Accrued Interest	\$ 154,898
Accounts Receivable	\$ 62,506
Excess Premium Receivable	\$ 23,739
Specific Recoverable	\$ 326,387
Aggregate Recoverable	\$ 8,559
Prepaid Expenses	\$ 303,540
<b>Total Assets</b>	<b>\$ 17,070,471</b>

## LIABILITIES & EQUITY

Accounts Payable	\$ 11,228
Excess Premium Payable	\$ -
Reserve for Losses	\$ 2,907,134
IBNR Reserve	\$ 5,114,998
Deposits on Premium	\$ 2,694,705
Accrued Taxes and Assessments	\$ 304,139
<b>Total Liabilities</b>	<b>\$ 11,032,204</b>
<b>Total Equity</b>	<b>\$ 6,038,266</b>
<b>Total Liabilities and Equity</b>	<b>\$ 17,070,471</b>

## KMIT Financial Overview



# KMIT Profit and Loss

June 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
<b>REVENUE FUND</b>															
Direct Premium Earned	\$ 1,422,582	\$ 1,885,501	\$ 1,843,047	\$ 1,754,515	\$ 1,377,722	\$ 1,552,110	\$ 1,689,773	\$ 1,965,656	\$ 2,616,641	\$ 3,274,489	\$ 3,256,648	\$ 3,837,793	\$ 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	\$ -
<b>Total Operating Revenue</b>	<b>\$ 1,445,257</b>	<b>\$ 1,958,726</b>	<b>\$ 1,957,959</b>	<b>\$ 1,897,220</b>	<b>\$ 1,498,357</b>	<b>\$ 1,649,067</b>	<b>\$ 1,819,386</b>	<b>\$ 2,067,350</b>	<b>\$ 2,669,644</b>	<b>\$ 3,326,981</b>	<b>\$ 3,315,716</b>	<b>\$ 3,934,067</b>	<b>\$ 4,507,126</b>	<b>\$ 5,215,600</b>	<b>\$ 5,764,971</b>
	\$ 390,462														
<b>ADMINISTRATION FUND EXPENSE</b>	<b>\$ 477,137</b>	<b>\$ 601,545</b>	<b>\$ 492,669</b>	<b>\$ 527,664</b>	<b>\$ 491,688</b>	<b>\$ 454,930</b>	<b>\$ 450,244</b>	<b>\$ 437,018</b>	<b>\$ 533,041</b>	<b>\$ 649,336</b>	<b>\$ 739,371</b>	<b>\$ 815,372</b>	<b>\$ 907,279</b>	<b>\$ 917,723</b>	<b>\$ 954,512</b>
<b>CLAIMS FUND EXPENSE</b>															
Claims Paid Expense	\$ 716,700	\$ 1,049,152	\$ 790,125	\$ 2,073,604	\$ 1,990,166	\$ 1,742,613	\$ 1,443,627	\$ 1,097,087	\$ 1,211,714	\$ 1,874,209	\$ 2,284,840	\$ 3,849,213	\$ 2,593,009	\$ 2,755,958	\$ 3,313,707
Claims Paid Adjusting Expense	\$ 25,541	\$ 54,345	\$ 46,505	\$ 90,802	\$ 84,813	\$ 143,628	\$ 123,458	\$ 83,206	\$ 129,112	\$ 149,296	\$ 150,040	\$ 238,244	\$ 180,020	\$ 193,151	\$ 237,793
Claims Reserve Expense	\$ -	\$ -	\$ -	\$ -	\$ 76,388	\$ 54,440	\$ 10,967	\$ -	\$ -	\$ -	\$ 45,172	\$ 150,054	\$ 67,618	\$ 162,014	\$ 199,916
Claims Reserves Adjusting Expense	\$ -	\$ -	\$ -	\$ -	\$ 5,785	\$ 4,074	\$ 2,256	\$ -	\$ -	\$ -	\$ 799	\$ 12,053	\$ 12,405	\$ 10,477	\$ 12,810
IBNR Reserve Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,084	\$ -	\$ -	\$ -	\$ 51,322	\$ 11,030	\$ 64,585	\$ 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)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Claims Fund Expense</b>	<b>\$ 893,634</b>	<b>\$ 1,313,638</b>	<b>\$ 970,007</b>	<b>\$ 1,660,153</b>	<b>\$ 1,309,807</b>	<b>\$ 1,718,665</b>	<b>\$ 1,669,211</b>	<b>\$ 1,307,461</b>	<b>\$ 1,530,284</b>	<b>\$ 1,990,358</b>	<b>\$ 2,753,608</b>	<b>\$ 4,446,940</b>	<b>\$ 3,302,062</b>	<b>\$ 3,540,093</b>	<b>\$ 4,200,195</b>
<b>Total Operating Expense</b>	<b>\$ 1,370,771</b>	<b>\$ 1,915,183</b>	<b>\$ 1,462,676</b>	<b>\$ 2,187,817</b>	<b>\$ 1,801,495</b>	<b>\$ 2,173,595</b>	<b>\$ 2,119,455</b>	<b>\$ 1,744,478</b>	<b>\$ 2,063,325</b>	<b>\$ 2,639,694</b>	<b>\$ 3,492,979</b>	<b>\$ 5,262,312</b>	<b>\$ 4,209,341</b>	<b>\$ 4,457,816</b>	<b>\$ 5,154,707</b>
<b>BALANCES</b>															
<b>KMIT Statutory Fund Balance</b>	<b>\$ 74,486</b>	<b>\$ 43,543</b>	<b>\$ 495,283</b>	<b>\$ (290,597)</b>	<b>\$ (303,138)</b>	<b>\$ (524,528)</b>	<b>\$ (300,069)</b>	<b>\$ 322,872</b>	<b>\$ 606,319</b>	<b>\$ 687,287</b>	<b>\$ (177,263)</b>	<b>\$ (1,328,245)</b>	<b>\$ 297,785</b>	<b>\$ 757,784</b>	<b>\$ 610,264</b>
<b>Accumulated Balance</b>	<b>\$ 74,486</b>	<b>\$ 118,029</b>	<b>\$ 613,312</b>	<b>\$ 322,715</b>	<b>\$ 19,577</b>	<b>\$ (504,951)</b>	<b>\$ (805,020)</b>	<b>\$ (482,148)</b>	<b>\$ 124,171</b>	<b>\$ 811,457</b>	<b>\$ 634,195</b>	<b>\$ (694,050)</b>	<b>\$ (396,265)</b>	<b>\$ 361,519</b>	<b>\$ 971,783</b>

# KMIT Profit and Loss

June 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
<b>REVENUE FUND</b>											
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	\$ 2,670,679	\$ 5,052,000	\$ 83,627,530
Interest Income	\$ 81,601	\$ 52,768	\$ 72,925	\$ 70,104	\$ 71,861	\$ 107,601	\$ 128,600	\$ 160,374	\$ 103,838	\$ 130,000	\$ 2,649,832
Miscellaneous Income	\$ -	\$ -	\$ 1,441	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300	\$ -	\$ 11,001
<b>Total Operating Revenue</b>	<b>\$ 5,275,028</b>	<b>\$ 5,266,578</b>	<b>\$ 4,516,692</b>	<b>\$ 4,554,637</b>	<b>\$ 4,925,696</b>	<b>\$ 5,567,945</b>	<b>\$ 5,389,644</b>	<b>\$ 4,989,900</b>	<b>\$ 2,774,817</b>	<b>\$ 5,182,000</b>	<b>\$ 86,288,363</b>
<b>ADMINISTRATION FUND EXPENSE</b>	<b>\$ 952,049</b>	<b>\$ 1,033,095</b>	<b>\$ 968,303</b>	<b>\$ 931,872</b>	<b>\$ 996,457</b>	<b>\$ 1,071,199</b>	<b>\$ 1,058,811</b>	<b>\$ 1,132,859</b>	<b>\$ 619,059</b>	<b>\$ 1,244,000</b>	<b>\$ 18,213,232</b>
<b>CLAIMS FUND EXPENSE</b>											
Claims Paid Expense	\$ 2,030,261	\$ 3,833,105	\$ 2,671,092	\$ 1,926,429	\$ 1,704,739	\$ 3,116,021	\$ 1,612,723	\$ 1,351,577	\$ 299,576	\$ -	\$ 47,331,244
Claims Paid Adjusting Expense	\$ 131,254	\$ 185,512	\$ 146,342	\$ 168,247	\$ 123,359	\$ 122,741	\$ 121,575	\$ 75,606	\$ 9,185	\$ -	\$ 3,013,775
Claims Reserve Expense	\$ 18,667	\$ 263,050	\$ 190,031	\$ 61,822	\$ 31,187	\$ 296,263	\$ 186,392	\$ 229,036	\$ 625,851	\$ -	\$ 2,668,870
Claims Reserves Adjusting Expense	\$ 5,404	\$ 12,024	\$ 5,618	\$ 9,425	\$ 10,531	\$ 31,886	\$ 22,290	\$ 31,283	\$ 49,144	\$ -	\$ 238,264
IBNR Reserve Expense	\$ 98,471	\$ 125,947	\$ 225,451	\$ 239,549	\$ 252,380	\$ 443,127	\$ 847,535	\$ 1,773,083	\$ 865,492	\$ -	\$ 5,114,998
Excess Work Comp Insurance	\$ 341,935	\$ 351,375	\$ 336,966	\$ 337,595	\$ 395,128	\$ 432,750	\$ 456,352	\$ 451,042	\$ 257,331	\$ 480,000	\$ 6,676,372
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)
<b>Claims Fund Expense</b>	<b>\$ 2,625,992</b>	<b>\$ 4,770,970</b>	<b>\$ 3,575,500</b>	<b>\$ 2,733,102</b>	<b>\$ 2,517,325</b>	<b>\$ 3,942,788</b>	<b>\$ 3,246,866</b>	<b>\$ 3,911,627</b>	<b>\$ 2,106,580</b>	<b>\$ 480,000</b>	<b>\$ 62,036,865</b>
<b>Total Operating Expense</b>	<b>\$ 3,578,041</b>	<b>\$ 5,804,065</b>	<b>\$ 4,543,802</b>	<b>\$ 3,664,974</b>	<b>\$ 3,513,782</b>	<b>\$ 5,013,987</b>	<b>\$ 4,305,677</b>	<b>\$ 5,044,486</b>	<b>\$ 2,725,638</b>	<b>\$ 1,724,000</b>	<b>\$ 80,250,097</b>
<b>BALANCES</b>											
<b>KMIT Statutory Fund Balance</b>	<b>\$ 1,696,987</b>	<b>\$ (537,487)</b>	<b>\$ (27,111)</b>	<b>\$ 889,663</b>	<b>\$ 1,411,914</b>	<b>\$ 553,957</b>	<b>\$ 1,083,967</b>	<b>\$ (54,586)</b>	<b>\$ 49,179</b>	<b>\$ 3,458,000</b>	<b>\$ 6,038,266</b>
<b>Accumulated Balance</b>	<b>\$ 2,668,770</b>	<b>\$ 2,131,283</b>	<b>\$ 2,104,172</b>	<b>\$ 2,993,835</b>	<b>\$ 4,405,749</b>	<b>\$ 4,959,706</b>	<b>\$ 6,043,673</b>	<b>\$ 5,989,088</b>	<b>\$ 6,038,266</b>		

# KMIT Admin Expenses

June 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
<b>GENERAL EXPENSES</b>															
Agent Commissions	\$ -	\$ -	\$ -	\$ -	\$ 969	\$ 4,919	\$ 5,239	\$ 12,669	\$ 33,803	\$ 44,060	\$ 43,231	\$ 61,486	\$ 75,650	\$ 77,961	\$ 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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Sub Total</b>	<b>\$ 1,249</b>	<b>\$ 21,179</b>	<b>\$ 4,151</b>	<b>\$ 9,889</b>	<b>\$ 7,795</b>	<b>\$ 16,504</b>	<b>\$ 11,408</b>	<b>\$ 30,892</b>	<b>\$ 59,906</b>	<b>\$ 72,999</b>	<b>\$ 85,051</b>	<b>\$ 84,659</b>	<b>\$ 141,982</b>	<b>\$ 132,193</b>	<b>\$ 135,867</b>
<b>REGULATORY</b>															
Kansas Insurance Dept (KID) Premium Tax	\$ 12,847	\$ 18,402	\$ 13,177	\$ 10,823	\$ 13,893	\$ 18,215	\$ 19,568	\$ 18,564	\$ 24,377	\$ 29,017	\$ 30,168	\$ 34,004	\$ 40,212	\$ 46,194	\$ 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	\$ 40,239	\$ 44,619	\$ 39,531	\$ 30,875	\$ 34,311	\$ 39,671	\$ 57,802	\$ 71,740	\$ 80,326	\$ 82,135	\$ 88,831
<b>Sub Total</b>	<b>\$ 95,360</b>	<b>\$ 77,466</b>	<b>\$ 56,281</b>	<b>\$ 105,257</b>	<b>\$ 89,172</b>	<b>\$ 79,283</b>	<b>\$ 72,163</b>	<b>\$ 55,589</b>	<b>\$ 69,799</b>	<b>\$ 94,418</b>	<b>\$ 137,952</b>	<b>\$ 201,449</b>	<b>\$ 167,731</b>	<b>\$ 165,524</b>	<b>\$ 179,149</b>
<b>CONTRACTURAL</b>															
Financial Audit	\$ 4,603	\$ -	\$ 6,639	\$ 32,625	\$ 12,292	\$ 8,288	\$ 10,973	\$ 8,474	\$ 9,600	\$ 9,806	\$ 10,465	\$ 10,264	\$ 33,013	\$ 6,462	\$ 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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Sub Total</b>	<b>\$ 380,528</b>	<b>\$ 502,900</b>	<b>\$ 432,236</b>	<b>\$ 412,518</b>	<b>\$ 394,721</b>	<b>\$ 359,144</b>	<b>\$ 366,672</b>	<b>\$ 350,536</b>	<b>\$ 403,336</b>	<b>\$ 481,918</b>	<b>\$ 516,368</b>	<b>\$ 529,264</b>	<b>\$ 597,566</b>	<b>\$ 620,006</b>	<b>\$ 639,497</b>
<b>Administration Fund Expense</b>	<b>\$ 477,137</b>	<b>\$ 601,545</b>	<b>\$ 492,669</b>	<b>\$ 527,664</b>	<b>\$ 491,688</b>	<b>\$ 454,930</b>	<b>\$ 450,244</b>	<b>\$ 437,018</b>	<b>\$ 533,041</b>	<b>\$ 649,336</b>	<b>\$ 739,371</b>	<b>\$ 815,372</b>	<b>\$ 907,279</b>	<b>\$ 917,723</b>	<b>\$ 954,512</b>



# KMIT Admin Expenses

June 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
<b>GENERAL EXPENSES</b>											
Agent Commissions	\$ 94,214	\$ 93,637	\$ 82,860	\$ 96,481	\$ 102,636	\$ 97,189	\$ 97,505	\$ 90,158	\$ 40,475	\$ 95,000	\$ 1,243,674
Directors and Officers Insurance	\$ 15,857	\$ 15,942	\$ 16,038	\$ 16,488	\$ 17,224	\$ 15,956	\$ 15,667	\$ 15,970	\$ 7,970	\$ 17,000	\$ 176,509
Meetings/Travel	\$ -	\$ -	\$ 829	\$ 4,881	\$ 19,334	\$ 29,749	\$ 19,897	\$ 22,638	\$ 5,299	\$ 20,000	\$ 117,247
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	\$ 3,932	\$ 8,000	\$ 60,305
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	\$ 3,788	\$ 9,000	\$ 21,121
<b>Sub Total</b>	<b>\$ 147,147</b>	<b>\$ 121,475</b>	<b>\$ 107,167</b>	<b>\$ 126,735</b>	<b>\$ 152,627</b>	<b>\$ 155,632</b>	<b>\$ 147,469</b>	<b>\$ 144,835</b>	<b>\$ 63,787</b>	<b>\$ 157,000</b>	<b>\$ 1,982,598</b>
<b>REGULATORY</b>											
Kansas Insurance Dept (KID) Premium Tax	\$ 48,525	\$ 49,030	\$ 40,919	\$ 43,445	\$ 44,349	\$ 51,057	\$ 47,827	\$ 46,830	\$ 24,488	\$ 50,000	\$ 780,069
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	\$ 59,563	\$ 101,648	\$ 39,776	\$ 81,560	\$ 85,361	\$ 132,669	\$ 91,053	\$ 107,423	\$ 60,410	\$ 200,000	\$ 1,448,698
<b>Sub Total</b>	<b>\$ 139,927</b>	<b>\$ 211,882</b>	<b>\$ 162,309</b>	<b>\$ 125,005</b>	<b>\$ 129,710</b>	<b>\$ 183,726</b>	<b>\$ 138,880</b>	<b>\$ 154,252</b>	<b>\$ 84,898</b>	<b>\$ 250,000</b>	<b>\$ 2,977,183</b>
<b>CONTRACTURAL</b>											
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	\$ 70,000	\$ 170,000	\$ 170,000	\$ 190,000	\$ 143,500	\$ 210,000	\$ 1,433,500
Risk Control	\$ 145,000	\$ 145,000	\$ 145,000	\$ 145,000	\$ 150,000	\$ 150,000	\$ 155,000	\$ 155,000	\$ 108,500	\$ 155,000	\$ 2,652,573
Claims Adjusting	\$ 175,000	\$ 195,000	\$ 185,000	\$ 185,000	\$ 185,000	\$ 185,000	\$ 205,000	\$ 205,000	\$ 147,000	\$ 210,000	\$ 4,023,259
Risk Analysis	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,671	\$ 14,651	\$ 27,647	\$ 6,600	\$ 15,000	\$ 58,569
POET	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,425	\$ 10,513	\$ 11,138	\$ 12,000	\$ 29,075
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
<b>Sub Total</b>	<b>\$ 664,975</b>	<b>\$ 699,738</b>	<b>\$ 698,827</b>	<b>\$ 680,133</b>	<b>\$ 714,119</b>	<b>\$ 731,842</b>	<b>\$ 772,461</b>	<b>\$ 833,772</b>	<b>\$ 470,374</b>	<b>\$ 837,000</b>	<b>\$ 13,253,451</b>
<b>Administration Fund Expense</b>	<b>\$ 952,049</b>	<b>\$ 1,033,095</b>	<b>\$ 968,303</b>	<b>\$ 931,872</b>	<b>\$ 996,457</b>	<b>\$ 1,071,199</b>	<b>\$ 1,058,811</b>	<b>\$ 1,132,859</b>	<b>\$ 619,059</b>	<b>\$ 1,244,000</b>	<b>\$ 18,213,232</b>

# KMIT Balance Sheet

July 31, 2017

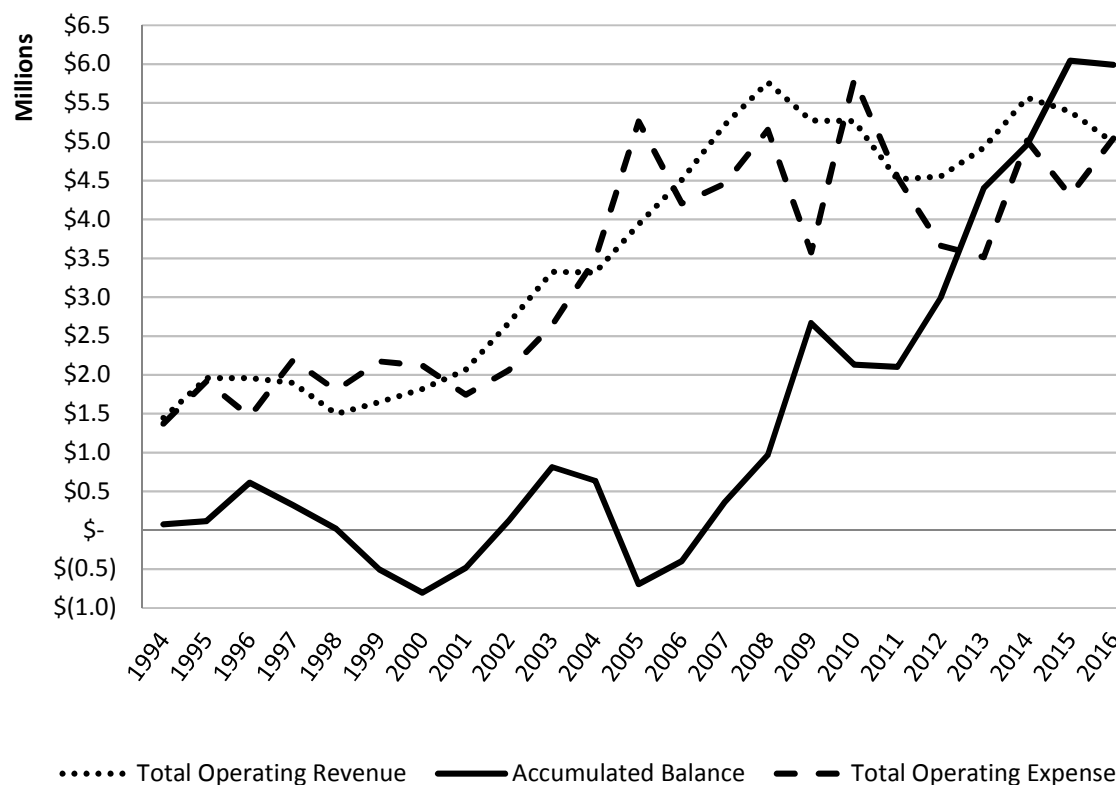
## ASSETS

Checking Accounts	\$ 648,775
Investments	\$ 15,413,154
Accrued Interest	\$ 167,854
Accounts Receivable	\$ 23,134
Excess Premium Receivable	\$ 23,739
Specific Recoverable	\$ 326,387
Aggregate Recoverable	\$ 8,559
Prepaid Expenses	\$ 252,394
<b>Total Assets</b>	<b>\$ 16,863,996</b>

## LIABILITIES & EQUITY

Accounts Payable	\$ (1,437)
Excess Premium Payable	\$ -
Reserve for Losses	\$ 2,940,313
IBNR Reserve	\$ 5,390,027
Deposits on Premium	\$ 2,224,025
Accrued Taxes and Assessments	\$ 304,139
<b>Total Liabilities</b>	<b>\$ 10,857,067</b>
<b>Total Equity</b>	<b>\$ 6,006,928</b>
<b>Total Liabilities and Equity</b>	<b>\$ 16,863,996</b>

## KMIT Financial Overview



# KMIT Profit and Loss

July 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
<b>REVENUE FUND</b>															
Direct Premium Earned	\$ 1,422,582	\$ 1,885,501	\$ 1,843,047	\$ 1,754,515	\$ 1,377,722	\$ 1,552,110	\$ 1,689,773	\$ 1,965,656	\$ 2,616,641	\$ 3,274,489	\$ 3,256,648	\$ 3,837,793	\$ 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	\$ -
<b>Total Operating Revenue</b>	<b>\$ 1,445,257</b>	<b>\$ 1,958,726</b>	<b>\$ 1,957,959</b>	<b>\$ 1,897,220</b>	<b>\$ 1,498,357</b>	<b>\$ 1,649,067</b>	<b>\$ 1,819,386</b>	<b>\$ 2,067,350</b>	<b>\$ 2,669,644</b>	<b>\$ 3,326,981</b>	<b>\$ 3,315,716</b>	<b>\$ 3,934,067</b>	<b>\$ 4,507,126</b>	<b>\$ 5,215,600</b>	<b>\$ 5,764,971</b>
	\$ 390,462														
<b>ADMINISTRATION FUND EXPENSE</b>	<b>\$ 477,137</b>	<b>\$ 601,545</b>	<b>\$ 492,669</b>	<b>\$ 527,664</b>	<b>\$ 491,688</b>	<b>\$ 454,930</b>	<b>\$ 450,244</b>	<b>\$ 437,018</b>	<b>\$ 533,041</b>	<b>\$ 649,336</b>	<b>\$ 739,371</b>	<b>\$ 815,372</b>	<b>\$ 907,279</b>	<b>\$ 917,723</b>	<b>\$ 954,512</b>
<b>CLAIMS FUND EXPENSE</b>															
Claims Paid Expense	\$ 716,700	\$ 1,049,152	\$ 790,125	\$ 2,073,604	\$ 1,990,166	\$ 1,742,613	\$ 1,443,627	\$ 1,097,087	\$ 1,211,714	\$ 1,874,209	\$ 2,284,840	\$ 3,849,213	\$ 2,593,009	\$ 2,756,349	\$ 3,313,707
Claims Paid Adjusting Expense	\$ 25,541	\$ 54,345	\$ 46,505	\$ 90,802	\$ 84,813	\$ 143,628	\$ 123,458	\$ 83,206	\$ 129,112	\$ 149,296	\$ 150,040	\$ 238,244	\$ 180,020	\$ 192,760	\$ 237,793
Claims Reserve Expense	\$ -	\$ -	\$ -	\$ -	\$ 76,388	\$ 54,440	\$ 10,967	\$ -	\$ -	\$ -	\$ 45,172	\$ 150,379	\$ 67,795	\$ 122,983	\$ 199,916
Claims Reserves Adjusting Expense	\$ -	\$ -	\$ -	\$ -	\$ 5,785	\$ 4,074	\$ 2,256	\$ -	\$ -	\$ -	\$ 799	\$ 12,053	\$ 12,408	\$ 10,477	\$ 12,810
IBNR Reserve Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,084	\$ -	\$ -	\$ -	\$ 51,322	\$ 10,705	\$ 64,404	\$ 90,794	\$ 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)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Claims Fund Expense</b>	<b>\$ 893,634</b>	<b>\$ 1,313,638</b>	<b>\$ 970,007</b>	<b>\$ 1,660,153</b>	<b>\$ 1,309,807</b>	<b>\$ 1,718,665</b>	<b>\$ 1,669,211</b>	<b>\$ 1,307,461</b>	<b>\$ 1,530,284</b>	<b>\$ 1,990,358</b>	<b>\$ 2,753,608</b>	<b>\$ 4,446,940</b>	<b>\$ 3,302,062</b>	<b>\$ 3,540,093</b>	<b>\$ 4,200,195</b>
<b>Total Operating Expense</b>	<b>\$ 1,370,771</b>	<b>\$ 1,915,183</b>	<b>\$ 1,462,676</b>	<b>\$ 2,187,817</b>	<b>\$ 1,801,495</b>	<b>\$ 2,173,595</b>	<b>\$ 2,119,455</b>	<b>\$ 1,744,478</b>	<b>\$ 2,063,325</b>	<b>\$ 2,639,694</b>	<b>\$ 3,492,979</b>	<b>\$ 5,262,312</b>	<b>\$ 4,209,341</b>	<b>\$ 4,457,816</b>	<b>\$ 5,154,707</b>
<b>BALANCES</b>															
<b>KMIT Statutory Fund Balance</b>	<b>\$ 74,486</b>	<b>\$ 43,543</b>	<b>\$ 495,283</b>	<b>\$ (290,597)</b>	<b>\$ (303,138)</b>	<b>\$ (524,528)</b>	<b>\$ (300,069)</b>	<b>\$ 322,872</b>	<b>\$ 606,319</b>	<b>\$ 687,287</b>	<b>\$ (177,263)</b>	<b>\$ (1,328,245)</b>	<b>\$ 297,785</b>	<b>\$ 757,784</b>	<b>\$ 610,264</b>
<b>Accumulated Balance</b>	<b>\$ 74,486</b>	<b>\$ 118,029</b>	<b>\$ 613,312</b>	<b>\$ 322,715</b>	<b>\$ 19,577</b>	<b>\$ (504,951)</b>	<b>\$ (805,020)</b>	<b>\$ (482,148)</b>	<b>\$ 124,171</b>	<b>\$ 811,457</b>	<b>\$ 634,195</b>	<b>\$ (694,050)</b>	<b>\$ (396,265)</b>	<b>\$ 361,519</b>	<b>\$ 971,783</b>

# KMIT Profit and Loss

July 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
<b>REVENUE FUND</b>											
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	\$ 3,102,547	\$ 5,052,000	\$ 84,059,397
Interest Income	\$ 81,601	\$ 52,768	\$ 72,925	\$ 70,104	\$ 71,861	\$ 107,601	\$ 128,600	\$ 160,374	\$ 123,655	\$ 130,000	\$ 2,669,649
Miscellaneous Income	\$ -	\$ -	\$ 1,441	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,701
<b>Total Operating Revenue</b>	<b>\$ 5,275,028</b>	<b>\$ 5,266,578</b>	<b>\$ 4,516,692</b>	<b>\$ 4,554,637</b>	<b>\$ 4,925,696</b>	<b>\$ 5,567,945</b>	<b>\$ 5,389,644</b>	<b>\$ 4,989,900</b>	<b>\$ 3,226,202</b>	<b>\$ 5,182,000</b>	<b>\$ 86,739,748</b>
<b>ADMINISTRATION FUND EXPENSE</b>	<b>\$ 952,049</b>	<b>\$ 1,033,095</b>	<b>\$ 968,303</b>	<b>\$ 931,872</b>	<b>\$ 996,457</b>	<b>\$ 1,071,199</b>	<b>\$ 1,058,811</b>	<b>\$ 1,132,859</b>	<b>\$ 753,877</b>	<b>\$ 1,244,000</b>	<b>\$ 18,348,050</b>
<b>CLAIMS FUND EXPENSE</b>											
Claims Paid Expense	\$ 2,030,261	\$ 3,833,139	\$ 2,671,092	\$ 1,926,429	\$ 1,704,714	\$ 3,116,021	\$ 1,612,723	\$ 1,352,093	\$ 299,060	\$ -	\$ 47,331,644
Claims Paid Adjusting Expense	\$ 131,254	\$ 185,478	\$ 146,342	\$ 168,247	\$ 123,384	\$ 122,741	\$ 121,575	\$ 75,613	\$ 9,178	\$ -	\$ 3,013,375
Claims Reserve Expense	\$ 19,764	\$ 263,928	\$ 191,642	\$ 61,822	\$ 31,187	\$ 320,146	\$ 186,392	\$ 229,720	\$ 667,467	\$ -	\$ 2,700,110
Claims Reserves Adjusting Expense	\$ 5,404	\$ 12,024	\$ 5,636	\$ 9,425	\$ 10,531	\$ 31,886	\$ 22,290	\$ 31,378	\$ 50,967	\$ -	\$ 240,203
IBNR Reserve Expense	\$ 97,374	\$ 125,069	\$ 223,822	\$ 239,549	\$ 252,380	\$ 419,244	\$ 847,535	\$ 1,771,782	\$ 1,130,785	\$ -	\$ 5,390,027
Excess Work Comp Insurance	\$ 341,935	\$ 351,375	\$ 336,966	\$ 337,595	\$ 395,128	\$ 432,750	\$ 456,352	\$ 451,042	\$ 297,027	\$ 480,000	\$ 6,716,069
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)
<b>Claims Fund Expense</b>	<b>\$ 2,625,992</b>	<b>\$ 4,770,970</b>	<b>\$ 3,575,500</b>	<b>\$ 2,733,102</b>	<b>\$ 2,517,325</b>	<b>\$ 3,942,788</b>	<b>\$ 3,246,866</b>	<b>\$ 3,911,627</b>	<b>\$ 2,454,484</b>	<b>\$ 480,000</b>	<b>\$ 62,384,770</b>
<b>Total Operating Expense</b>	<b>\$ 3,578,041</b>	<b>\$ 5,804,065</b>	<b>\$ 4,543,802</b>	<b>\$ 3,664,974</b>	<b>\$ 3,513,782</b>	<b>\$ 5,013,987</b>	<b>\$ 4,305,677</b>	<b>\$ 5,044,486</b>	<b>\$ 3,208,361</b>	<b>\$ 1,724,000</b>	<b>\$ 80,732,820</b>
<b>BALANCES</b>											
<b>KMIT Statutory Fund Balance</b>	<b>\$ 1,696,987</b>	<b>\$ (537,487)</b>	<b>\$ (27,111)</b>	<b>\$ 889,663</b>	<b>\$ 1,411,914</b>	<b>\$ 553,957</b>	<b>\$ 1,083,967</b>	<b>\$ (54,586)</b>	<b>\$ 17,841</b>	<b>\$ 3,458,000</b>	<b>\$ 6,006,928</b>
<b>Accumulated Balance</b>	<b>\$ 2,668,770</b>	<b>\$ 2,131,283</b>	<b>\$ 2,104,172</b>	<b>\$ 2,993,835</b>	<b>\$ 4,405,749</b>	<b>\$ 4,959,706</b>	<b>\$ 6,043,673</b>	<b>\$ 5,989,088</b>	<b>\$ 6,006,928</b>		

# KMIT Admin Expenses

July 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
<b>GENERAL EXPENSES</b>															
Agent Commissions	\$ -	\$ -	\$ -	\$ -	\$ 969	\$ 4,919	\$ 5,239	\$ 12,669	\$ 33,803	\$ 44,060	\$ 43,231	\$ 61,486	\$ 75,650	\$ 77,961	\$ 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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Sub Total</b>	<b>\$ 1,249</b>	<b>\$ 21,179</b>	<b>\$ 4,151</b>	<b>\$ 9,889</b>	<b>\$ 7,795</b>	<b>\$ 16,504</b>	<b>\$ 11,408</b>	<b>\$ 30,892</b>	<b>\$ 59,906</b>	<b>\$ 72,999</b>	<b>\$ 85,051</b>	<b>\$ 84,659</b>	<b>\$ 141,982</b>	<b>\$ 132,193</b>	<b>\$ 135,867</b>
<b>REGULATORY</b>															
Kansas Insurance Dept (KID) Premium Tax	\$ 12,847	\$ 18,402	\$ 13,177	\$ 10,823	\$ 13,893	\$ 18,215	\$ 19,568	\$ 18,564	\$ 24,377	\$ 29,017	\$ 30,168	\$ 34,004	\$ 40,212	\$ 46,194	\$ 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	\$ 40,239	\$ 44,619	\$ 39,531	\$ 30,875	\$ 34,311	\$ 39,671	\$ 57,802	\$ 71,740	\$ 80,326	\$ 82,135	\$ 88,831
<b>Sub Total</b>	<b>\$ 95,360</b>	<b>\$ 77,466</b>	<b>\$ 56,281</b>	<b>\$ 105,257</b>	<b>\$ 89,172</b>	<b>\$ 79,283</b>	<b>\$ 72,163</b>	<b>\$ 55,589</b>	<b>\$ 69,799</b>	<b>\$ 94,418</b>	<b>\$ 137,952</b>	<b>\$ 201,449</b>	<b>\$ 167,731</b>	<b>\$ 165,524</b>	<b>\$ 179,149</b>
<b>CONTRACTURAL</b>															
Financial Audit	\$ 4,603	\$ -	\$ 6,639	\$ 32,625	\$ 12,292	\$ 8,288	\$ 10,973	\$ 8,474	\$ 9,600	\$ 9,806	\$ 10,465	\$ 10,264	\$ 33,013	\$ 6,462	\$ 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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Sub Total</b>	<b>\$ 380,528</b>	<b>\$ 502,900</b>	<b>\$ 432,236</b>	<b>\$ 412,518</b>	<b>\$ 394,721</b>	<b>\$ 359,144</b>	<b>\$ 366,672</b>	<b>\$ 350,536</b>	<b>\$ 403,336</b>	<b>\$ 481,918</b>	<b>\$ 516,368</b>	<b>\$ 529,264</b>	<b>\$ 597,566</b>	<b>\$ 620,006</b>	<b>\$ 639,497</b>
<b>Administration Fund Expense</b>	<b>\$ 477,137</b>	<b>\$ 601,545</b>	<b>\$ 492,669</b>	<b>\$ 527,664</b>	<b>\$ 491,688</b>	<b>\$ 454,930</b>	<b>\$ 450,244</b>	<b>\$ 437,018</b>	<b>\$ 533,041</b>	<b>\$ 649,336</b>	<b>\$ 739,371</b>	<b>\$ 815,372</b>	<b>\$ 907,279</b>	<b>\$ 917,723</b>	<b>\$ 954,512</b>

# KMIT Admin Expenses

July 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
<b>GENERAL EXPENSES</b>											
Agent Commissions	\$ 94,214	\$ 93,637	\$ 82,860	\$ 96,481	\$ 102,636	\$ 97,189	\$ 97,505	\$ 90,158	\$ 50,761	\$ 95,000	\$ 1,253,961
Directors and Officers Insurance	\$ 15,857	\$ 15,942	\$ 16,038	\$ 16,488	\$ 17,224	\$ 15,956	\$ 15,667	\$ 15,970	\$ 9,298	\$ 17,000	\$ 177,838
Meetings/Travel	\$ -	\$ -	\$ 829	\$ 4,881	\$ 19,334	\$ 29,749	\$ 19,897	\$ 22,638	\$ 6,449	\$ 20,000	\$ 118,397
Contingencies/Miscellaneous	\$ 34,318	\$ 2,657	\$ 1,708	\$ 3,175	\$ 3,623	\$ 4,385	\$ 3,884	\$ 2,594	\$ 3,343	\$ 6,000	\$ 362,752
Bank Fees	\$ 2,758	\$ 9,239	\$ 5,776	\$ 4,159	\$ 7,528	\$ 4,460	\$ 5,998	\$ 6,333	\$ 4,573	\$ 8,000	\$ 60,946
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	\$ 3,788	\$ 9,000	\$ 21,121
<b>Sub Total</b>	<b>\$ 147,147</b>	<b>\$ 121,475</b>	<b>\$ 107,167</b>	<b>\$ 126,735</b>	<b>\$ 152,627</b>	<b>\$ 155,632</b>	<b>\$ 147,469</b>	<b>\$ 144,835</b>	<b>\$ 78,213</b>	<b>\$ 157,000</b>	<b>\$ 1,997,024</b>
<b>REGULATORY</b>											
Kansas Insurance Dept (KID) Premium Tax	\$ 48,525	\$ 49,030	\$ 40,919	\$ 43,445	\$ 44,349	\$ 51,057	\$ 47,827	\$ 46,830	\$ 24,488	\$ 50,000	\$ 780,069
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	\$ 59,563	\$ 101,648	\$ 39,776	\$ 81,560	\$ 85,361	\$ 132,669	\$ 91,053	\$ 107,423	\$ 60,410	\$ 200,000	\$ 1,448,698
<b>Sub Total</b>	<b>\$ 139,927</b>	<b>\$ 211,882</b>	<b>\$ 162,309</b>	<b>\$ 125,005</b>	<b>\$ 129,710</b>	<b>\$ 183,726</b>	<b>\$ 138,880</b>	<b>\$ 154,252</b>	<b>\$ 84,898</b>	<b>\$ 250,000</b>	<b>\$ 2,977,183</b>
<b>CONTRACTURAL</b>											
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	\$ 70,000	\$ 170,000	\$ 170,000	\$ 190,000	\$ 164,000	\$ 210,000	\$ 1,454,000
Risk Control	\$ 145,000	\$ 145,000	\$ 145,000	\$ 145,000	\$ 150,000	\$ 150,000	\$ 155,000	\$ 155,000	\$ 124,000	\$ 155,000	\$ 2,668,073
Claims Adjusting	\$ 175,000	\$ 195,000	\$ 185,000	\$ 185,000	\$ 185,000	\$ 185,000	\$ 205,000	\$ 205,000	\$ 168,000	\$ 210,000	\$ 4,044,259
Risk Analysis	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,671	\$ 14,651	\$ 27,647	\$ 6,750	\$ 15,000	\$ 58,719
POET	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,425	\$ 10,513	\$ 13,913	\$ 12,000	\$ 31,850
Pool Admin Services	\$ 225,000	\$ 225,000	\$ 230,000	\$ 230,004	\$ 75,600	\$ 81,900	\$ 98,560	\$ 99,360	\$ 59,247	\$ 102,000	\$ 3,917,687
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	\$ 2,237	\$ -	\$ 15,720
Endorsement Fee	\$ -	\$ -	\$ -	\$ -	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 52,500	\$ 70,000	\$ 332,500
<b>Sub Total</b>	<b>\$ 664,975</b>	<b>\$ 699,738</b>	<b>\$ 698,827</b>	<b>\$ 680,133</b>	<b>\$ 714,119</b>	<b>\$ 731,842</b>	<b>\$ 772,461</b>	<b>\$ 833,772</b>	<b>\$ 590,767</b>	<b>\$ 837,000</b>	<b>\$ 13,373,844</b>
<b>Administration Fund Expense</b>	<b>\$ 952,049</b>	<b>\$ 1,033,095</b>	<b>\$ 968,303</b>	<b>\$ 931,872</b>	<b>\$ 996,457</b>	<b>\$ 1,071,199</b>	<b>\$ 1,058,811</b>	<b>\$ 1,132,859</b>	<b>\$ 753,877</b>	<b>\$ 1,244,000</b>	<b>\$ 18,348,050</b>



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

Kansas Municipal Insurance Trust  
(Name of Company)

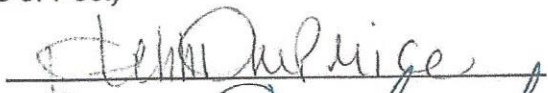
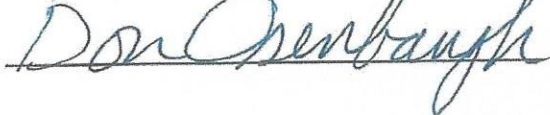
As of 6/30/2017  
1st (2nd) 3rd 4th Quarter (CIRCLE ONE)

	<b>CURRENT FISCAL YEAR TO DATE 6/30/2017</b>	<b>PREVIOUS FISCAL YEAR END 12/31/2016 Audited</b>
<b>ASSETS</b>		
Administrative fund:		
Cash	\$ 32,425	\$ 124,282
Investments	247,000	
Claims fund:		
Cash	221,184	434,889
Investments	15,690,231	14,119,109
Premium contributions receivable	62,506	70,954
Excess insurance recoverable on claims payments	14,786	15,576
Interest income due and accrued	154,898	141,608
Receivable from affiliates		
Other assets:		
Agent Commissions Receivable	(165)	1,247
Prepaid Excess Insurance	238,181	0
Prepaid Expenses	65,525	0
Excess Insurance Premium Receivable	23,739	23,920
Less: Non Admitted Assets	(303,705)	0
<b>Total Assets</b>	<b>\$ 16,446,606</b>	<b>\$ 14,931,585</b>

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

Kansas Municipal Insurance Trust  
(Name of Pool)

By:

Chair of Trustees

Administrator

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

<b><u>LIABILITIES, RESERVES AND FUND BALANCE</u></b>	<b>CURRENT FISCAL YEAR TO DATE 6/30/2017</b>	<b>PREVIOUS FISCAL YEAR END 12/31/2016 - Audited</b>
Reserve for unpaid workers' compensation claims	\$ 2,348,711	\$ 2,219,538
Reserve for unpaid claim adjustment expenses	238,264	243,712
Reserve for claims incurred but not reported	5,114,998	4,628,689
Unearned premium contribution	0	1,037,223
Other expenses due or accrued		
Taxes, licenses and fees due or accrued	304,139	381,733
Borrowed money \$_____ and interest thereon \$_____		
Dividends payable to members		
Deposits on premium contributions	2,694,705	399,191
Excess insurance premium payable		
Payable to affiliates		
Accounts payable	11,228	46,500
Miscellaneous liabilities:		
Return Premium Payable		
Total Liabilities:	\$ 10,712,045	\$ 8,956,586
Special reserve funds:		
Total Special Reserve Funds		
<b><u>FUND BALANCE</u></b>		
Total Reserves and Fund Balance (Assets-Liabilities)	5,734,561	5,951,260
Total Liabilities, Reserves and Fund Balance	\$ 16,446,606	\$ 14,907,846

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

<b><u>SUMMARY OF OPERATIONS</u></b>	<b><u>CURRENT FISCAL YEAR TO DATE</u> 6/30/2017</b>	<b><u>PREVIOUS FISCAL YEAR END</u> 12/31/2016 - Audited</b>
Underwriting Income		
Direct Premium Contributions Earned	\$ <u>2,670,679</u>	\$ <u>4,829,526</u>
Deductions:		
Excess insurance premium incurred	<u>257,331</u>	<u>451,042</u>
Workers' compensation claims incurred	<u>1,768,410</u>	<u>3,009,276</u>
Claims adjustment expenses incurred	<u>80,839</u>	<u>227,389</u>
Other administrative expenses incurred	<u>604,970</u>	<u>1,003,526</u>
Total underwriting deductions	<u>2,711,550</u>	<u>4,691,233</u>
Net underwriting Gain or (Loss)	\$ <u>(40,871)</u>	\$ <u>138,293</u>
Investment income		
Interest income earned (Net of investment expenses)	<u>103,838</u>	<u>160,374</u>
Other income		
Other income	<u>300</u>	<u></u>
Net income before dividends to members	<u>63,267</u>	<u>298,667</u>
Dividends to members	<u></u>	<u></u>
Net income after dividends to members	<u>63,267</u>	<u>298,667</u>
<b>Net Income(Loss)</b>	\$ <u>63,267</u>	\$ <u>298,667</u>

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

<u><b>ANALYSIS OF FUND BALANCE</b></u>	<u><b>CURRENT FISCAL</b></u> <u><b>YEAR TO DATE</b></u>		<u><b>PREVIOUS FISCAL</b></u> <u><b>YEAR END</b></u>
	6/30/2017		12/31/2016 - Audited
Fund balance, previous period	\$	<u>5,974,999</u>	\$ <u>5,676,332</u>
Net income (Loss)		<u>63,267</u>	<u>298,667</u>
Change in non-admitted assets		<u>(303,705)</u>	<u>0</u>
<u>Rounding</u>			
<u>Change in Non Admitted Assets</u>			
Change in fund balance for the period		<u>(240,438)</u>	<u>298,667</u>
Fund balance, current period	\$	<u>5,734,561</u>	\$ <u>5,974,999</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

6/30/2017

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	Direct Losses Incurred	Loss Adj. Exp. Incurred	Loss & Loss Exp Incurred	Service Agent Fees Incurred	General Expenses Incurred	Taxes, Licenses & Fees Incurred	Total Expenses Incurred	Claims Ratios as a % Col 9 / Col 13 + Col 10 + Col 11 + 12	Admin. Ratios as a % Col 9 / 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	1,886,501	210,142	1,676,359	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	1,896,658	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	1,325,566	90,598	1,416,163	187,000	211,071	82,901	480,972	109.1%	37.0%	116,190
4	551	PCY 18	1,552,110	80,124	1,471,986	1,564,485	147,702	1,712,188	185,000	190,573	77,653	453,226	116.3%	30.8%	96,882
2	552	PCY 17	1,989,773	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%	23.6%	101,694
1	670	PCY 15	2,616,641	189,468	2,427,173	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	3,937,793	374,472	3,463,321	3,811,141	250,297	4,061,438	310,000	303,923	195,148	809,071	117.3%	23.4%	96,274
16	765	PCY 11	4,272,140	384,425	3,887,715	2,660,627	192,425	2,863,052	330,000	409,548	164,537	904,085	73.4%	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
12	768	PCY 9	5,519,169	372,790	5,146,379	3,513,623	250,603	3,764,226	375,000	400,364	180,033	955,397	73.1%	18.6%	245,802
10	654	PCY 8	5,193,427	341,935	4,851,492	2,048,927	136,658	2,185,586	390,000	422,122	158,861	970,983	45.0%	20.0%	81,601
15	666	PCY 7	5,213,859	351,375	4,862,484	4,096,112	197,536	4,293,648	410,000	411,213	218,444	1,039,657	88.3%	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	686	PCY 4	4,855,835	395,128	4,458,707	1,735,926	133,890	1,869,817	580,600	286,205	112,977	979,782	41.9%	22.0%	71,861
10	742	PCY 3	5,460,344	432,760	5,027,594	3,100,470	154,627	3,255,097	596,571	291,845	383,143	1,271,559	64.7%	25.3%	107,601
11	724	PCY 2	5,261,044	456,352	4,804,692	1,796,114	143,865	1,942,979	628,560	291,393	190,117	1,110,070	40.4%	23.1%	128,600
33	776	PCY 1	4,829,526	474,781	4,354,745	1,580,613	106,889	1,687,502	649,360	329,247	24,920	1,003,526	38.8%	23.0%	160,374
221	359	CCY	2,670,679	257,331	2,413,348	925,428	58,329	983,757	188,040	346,121	70,810	604,970	40.8%	25.1%	103,898

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.

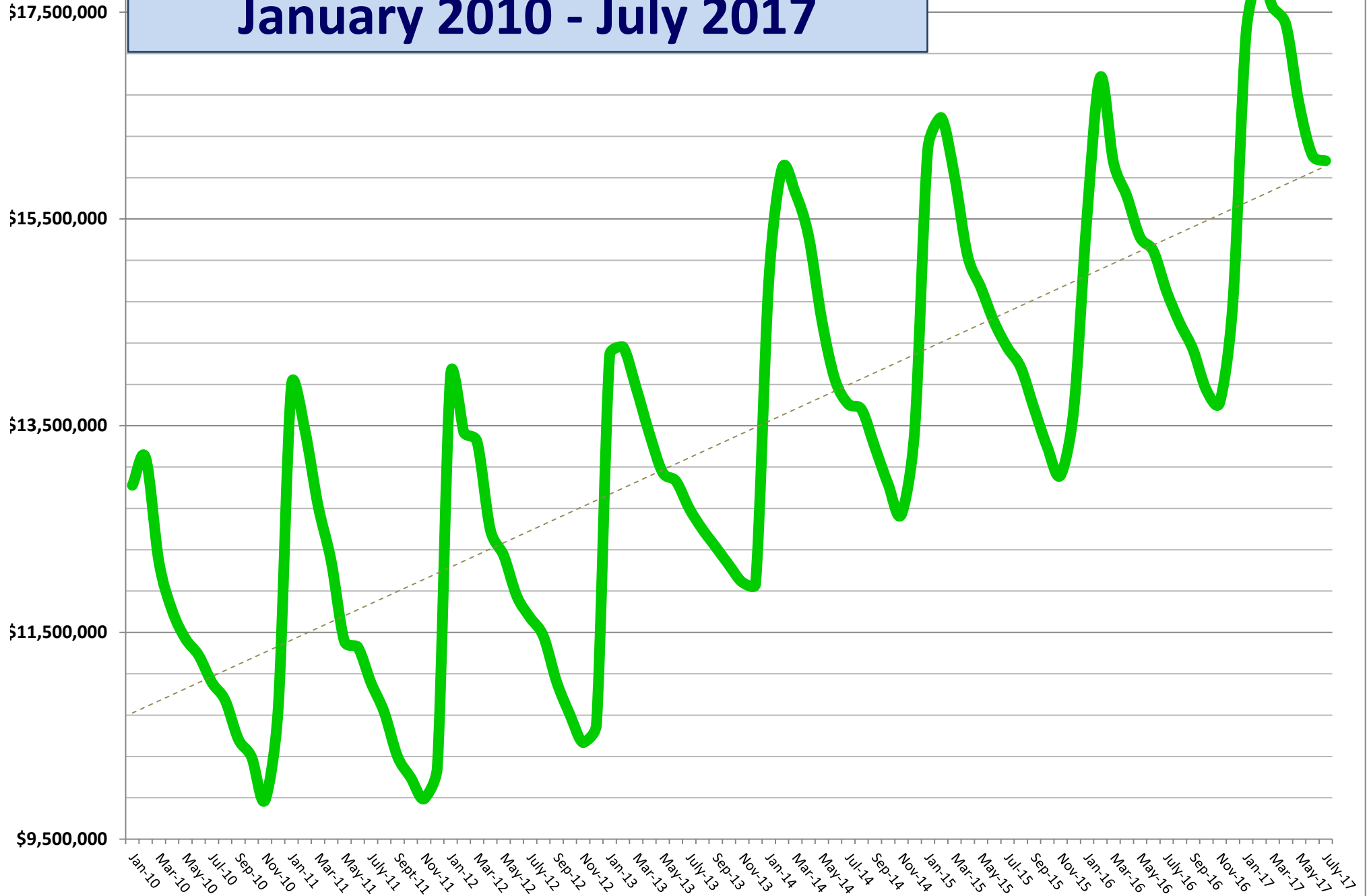
Column 14 should reflect the Total Loss and Loss Expenses Incurred divided by the Net Premiums earned. (Column 9 divided by Column 6)

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 Total Cash and Investments

## January 2010 - July 2017

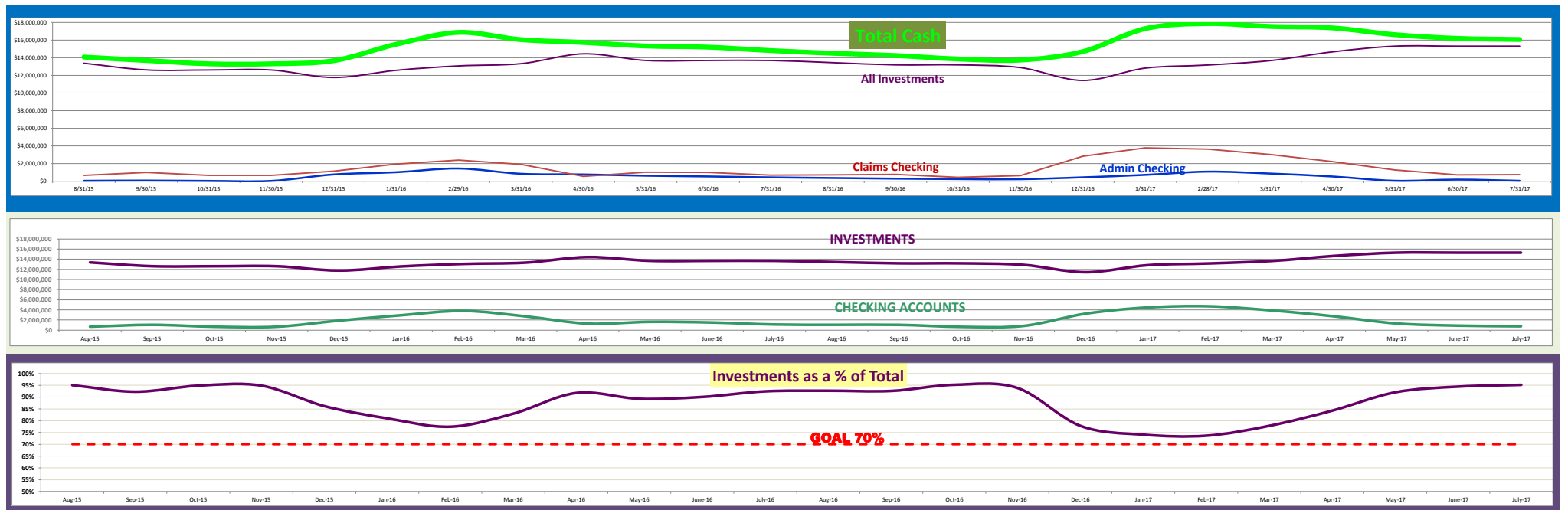




# KMIT Cash/Investment Summary

## August 31, 2015--July 31, 2017

	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	6/30/17	7/31/17
<b>KMIT Admin Fund (KAF)</b>																								
Admin Account	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	175,479	41,756
Admin Checking	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	175,479	41,756
<b>KMIT Claims Fund (KCF)</b>																								
Claims Account	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	647,100	252,911
TPA Claims Checking Account	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	75,262	475,262
Claims Checking	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	722,362	728,173
<b>INVESTMENTS</b>																								
All Investments	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	15,292,000	15,292,000
<b>TOTAL CASH</b>	<b>14,063,947</b>	<b>13,671,112</b>	<b>13,295,505</b>	<b>13,295,506</b>	<b>13,650,401</b>	<b>15,518,067</b>	<b>16,870,392</b>	<b>16,046,832</b>	<b>15,723,422</b>	<b>15,324,105</b>	<b>15,190,878</b>	<b>14,800,429</b>	<b>14,491,609</b>	<b>14,235,302</b>	<b>13,845,595</b>	<b>13,719,428</b>	<b>14,682,522</b>	<b>17,297,520</b>	<b>17,875,199</b>	<b>17,549,448</b>	<b>17,381,774</b>	<b>16,613,093</b>	<b>16,189,841</b>	<b>16,061,929</b>
	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	6/30/17	7/31/17



## CLAIM SUMMARY-RESERVES

**Employer:** City of Atkinson  
**Claim No.:** 20016073786  
**Employee Age:** 55  
**AWW:** \$630.00  
**Attorneys:** Employee Yes- Jim Bryan

**Date of Injury:** 4/29/2016  
**Job Description:** Water Dept.  
**Updated:** 8/7/2017  
**TTD Rate:** \$420.00  
**Employer:** Y- Ron Laskowski

	Medical	Indemnity	Expense	Total
<b>Reserves</b>	<b>\$20,000.00</b>	<b>\$81,731.00</b>	<b>\$10,000.00</b>	<b>\$111,731.00</b>
<b>Amount Paid</b>	<b>\$10,730.25</b>	<b>\$22,036.00</b>	<b>\$2,759.92</b>	<b>\$35,526.17</b>
<b>Outstanding</b>	<b>\$9,269.75</b>	<b>\$59,695.00</b>	<b>\$7,240.08</b>	<b>\$76,204.83</b>

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

Claimant spent the day operating a jet machine, cleaning out sewer lines. At the end of the day his right arm was cramping, swollen and painful.

### **Investigation/Compensability**

Our investigation confirmed his job duties and his reporting of same. He was referred to the city's doctor who opined that his symptoms due to aggravation of prior neck injury and fusion he had suffered and claim was denied.

### **Medical Management**

His injury was diagnosed as a brachial plexus. He obtained an attorney who presented a medical opinion from Dr. Probst relating the injury to work. We obtained another opinion from Dr. Hall who agreed the claimant doctor's opinion and recommended he be seen by Dr. McKinnon at Washington University, who opined that he didn't have a brachial plexus nerve injury but instead was acute radiculopathy aggravation a result of his multi-level neck fusion and would benefit from physical therapy.

### **Periods of Disability**

4/30/2016 to present.

### **Permanent Partial Impairment/Permanent Disability**

Reserves reflect 30% Whole Body.

### **Subrogation/Other Issues**

We are exploring further the prevailing factor issue as a contributing factor.

### **Plan of Action:**

We have authorized the recommended physical therapy and anticipate he will be released MMI thereafter. Temporary Total benefits will be discontinued and a disability rating requested. Settlement authority will be requested if necessary prior to settlement negotiations for a full and final settlement of all issues.

## CLAIM SUMMARY-RESERVE

**Employer:** City of Garden City  
**Claim No.:** 17679696  
**Employee Age:** 40  
**AWW:** \$1,975.44  
**Attorneys:** Employee -NA  
**Adjuster:** Gene Miller

**Date of Injury:** 7/17/2017  
**Job Description:** Electrical Lineman  
**Updated:** 8/14/2017  
**TTD Rate:** \$630.00  
**Employer:** -NA

	Medical	Indemnity	Expense	Total
Reserves	\$31,900	\$17,010.00	\$1,500.00	\$50,410.00
Amount Paid	\$0.00	\$1,170.00	\$0.00	\$1,170.00
Outstanding	\$31,000.00	\$15,840.00	\$1,500.00	\$49,240.00

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

Claimant was in a bucket assisting with electrical work. Coworker was cutting the end of a cross arm and claimant was holding the end that would fall. When the cut completed, the falling portion jerked claimant's right arm.

### **Investigation/Compensability**

The accident was witnessed by two coworkers, promptly reported and immediate medical treatment sought. The injury was accepted as compensable.

### **Medical Management**

He was diagnosed with a right biceps tendon tear and surgery to repair performed by Dr. Palmoritic on 7/27/17.

### **Periods of Disability**

7/18/17 to 8/6/17

### **Permanent Partial Impairment/Permanent Disability**

Reserves reflect 10% arm.

### **Subrogation/Other Issues**

No source for subrogation or contribution.

### **Plan of Action:**

Early return to modified work already achieved. I will follow-up after every doctor's appointment to keep abreast of his recovery, till released MMI. I will then request a disability rating, obtain settlement authority if necessary, negotiate a full & final settlement of all issues, obtain Division approval and close file.

## CLAIM SUMMARY-RESERVES

**Employer:** City of Larned  
**Claim No.:** 17677886  
**Employee Age:** 44  
**AWW:** \$ NA  
**Attorneys:** Employee -NA  
**Adjuster:** Gene Miller

**Date of Injury:** 7/4/2017  
**Job Description:** Volunteer Fireman  
**Updated:** 8/8/17  
**TTD Rate:** \$630.00  
**Employer:** -NA

	Medical	Indemnity	Expense	Total
Reserves	\$35,500.00	\$3,150.00	\$2,000.00	\$40,650.00
Amount Paid	\$334.38	\$1,980.00	\$0.00	\$2,314.38
Outstanding	\$35,165.62	\$1,170.00	\$2,000.00	\$38,335.62

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

Claimant was setting off fireworks for the cities July 4 fireworks display when one of the fireworks exploded in his left hand. He suffered second degree burns to his left hand, arm, stomach and face.

### **Investigation/Compensability**

The accident witnessed by coworkers and many spectators. He was requested by the city to perform these activities so was in the course and scope of his employment, making the injuries compensable.

### **Medical Management**

He was taken to Pawnee Valley Hospital and then sent to Via Christi in Wichita. Treatment was conservative by Dr. Resch and he has been released from medical care and to return to work on 7/27/17.

### **Periods of Disability**

7/5/17 to 7/26/17

### **Permanent Partial Impairment/Permanent Disability**

No disability anticipated from this injury and Kansas does not recognize scarring.

### **Subrogation/Other Issues**

The fireworks were ignited electronically and he admitted that he pushed the connecting electrical wire too far into the tube, causing the firework to ignite in his hand. There doesn't appear to be any subrogation potential.

### **Plan of Action:**

Return to work already achieved. I will follow-up with the doctor to confirm no disability and no additional medical treatment. Monitor medical bill payment and when all bills paid, will close file.

## KMIT Risk Control Valued as of 7/31/2017

### Comparison by Year

Policy Year	Severity	Frequency
2011	\$3,014,712	635
2012	\$2,155,958	598
2013	\$1,869,817	696
2014	\$3,278,980	742
2015	\$1,942,979	724
2016	\$1,688,803	777
2017	\$1,026,672	445

### 2017 by Month

Month	Severity	Frequency
January	\$150,199	49
February	\$130,122	44
March	\$166,590	59
April	\$269,525	58
May	\$216,136	97
June	\$56,500	67
July	\$37,600	71
<b>Totals</b>	<b>\$1,026,672</b>	<b>445</b>

### 2017 by Department

Department Name	Severity	Frequency
Police	\$208,481	106
Electric	\$188,006	17
Fire	\$150,673	62
Water	\$99,047	33
Public Works	\$73,321	38
Parks	\$70,361	41
Municipality	\$52,002	4
Maintenance	\$44,469	23
Street	\$38,725	36
Sanitation	\$29,335	16
Administration	\$25,011	15
Cemetery	\$16,267	4
All Other	\$7,759	16
Animal Control/Shelter	\$5,208	10
Emergency	\$3,900	5
Zoo	\$3,405	6
Housing Administration	\$1,600	1
Golf	\$1,302	3
Library	\$1,302	2
Power Plant	\$1,302	2
Plant Operator	\$1,300	2
Senior Center	\$1,300	1
Village Cafe	\$1,300	1
Public Utilities	\$1,300	1
<b>Totals</b>	<b>\$1,026,672</b>	<b>445</b>

### 2017 by Accident Type

Accident Type	Severity	Frequency
Sprain	\$419,024	101
Fracture	\$175,317	10
Contusion	\$77,897	60
Laceration	\$75,009	50
Allother	\$55,505	78
Dislocation	\$41,700	2
Inflammation	\$39,902	6
Foreign Body	\$32,168	28
Puncture	\$24,568	26
Electric Shock	\$16,900	3
Severance	\$16,265	1
Cardiovascular Disease	\$15,700	2
Strain	\$10,100	22
Dermatitis	\$7,500	10
Abrasion/Scratch	\$4,109	15
Mult Physical Injuries Only	\$3,600	6
Contagious Disease	\$2,200	3
Burn	\$2,103	7
Chemical Exposure	\$2,100	5
Crushing	\$2,006	6
Heat Prostration	\$800	1
Bites/Stings	\$1,500	2
Mult Injuries Physical & Psyc	\$700	1
<b>Totals</b>	<b>\$1,026,672</b>	<b>445</b>



# **2018 Loss Cost Multiplier**

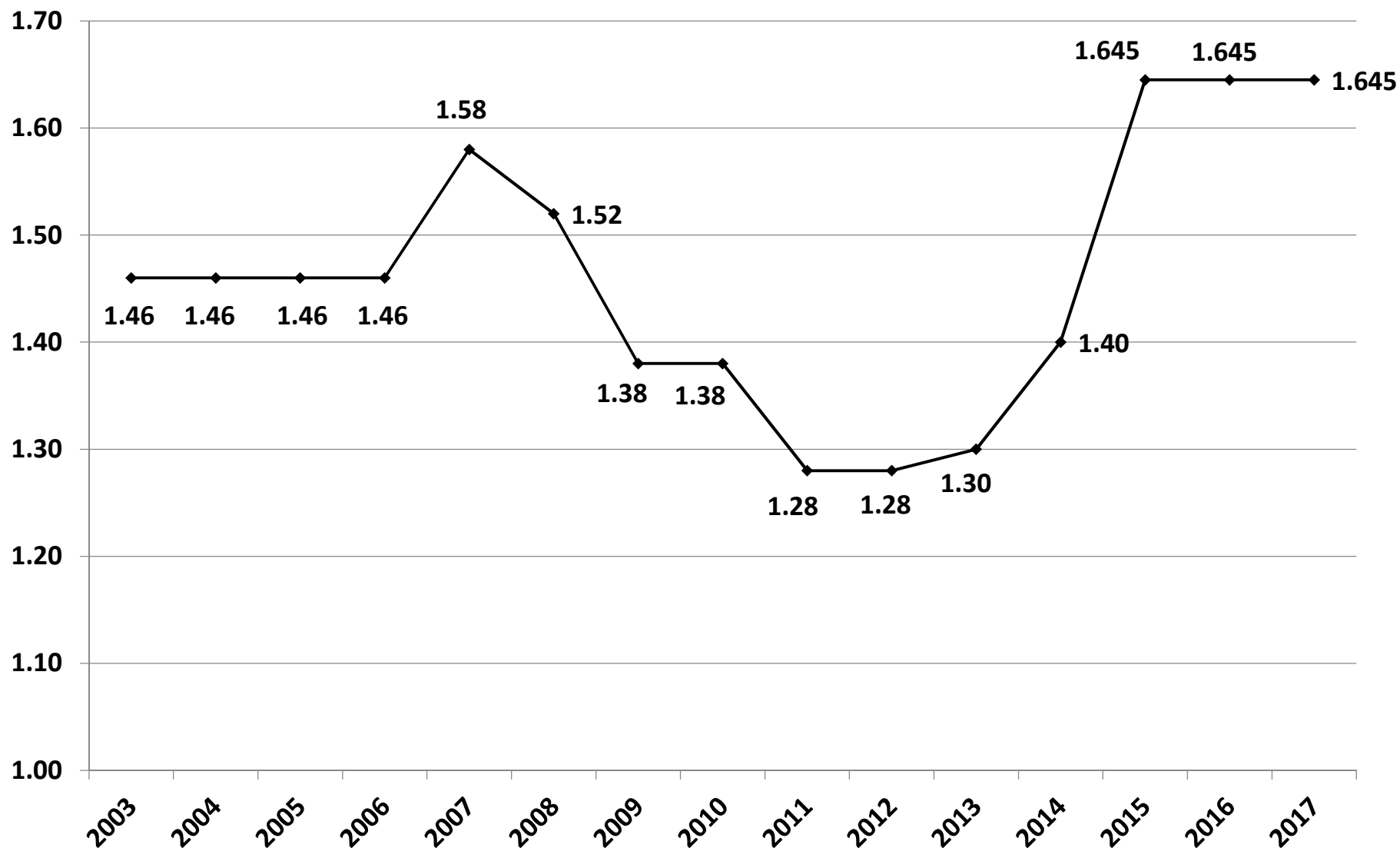


# **What is a Loss Cost Multiplier?**

- A loss cost multiplier (LCM) is one factor used by worker's compensation providers to set the premium rate, specifically the expense portion.
- LCMs on file with KID
- Applied to each NCCI loss cost rate by payroll class code.
- Goal when setting the LCM: Select a factor that enables the Pool to generate enough premium to cover projected losses, expenses, and provide underwriting gain (if any) required for stability.

# KMIT

## Historical Loss Cost Multipliers



# 2018 Premium Need

2018 Premium Need - 0% Underwriting Gain			
1	Expenses (2017 Budget)	\$1,924,000	
2	2018 Est Payroll (00's)	\$2,080,720	
3	Loss Rate (12/31/16 Act Report)	\$1.65	
4	Losses (12/31/16 Act Report)	\$3,433,188	2x3
5	Losses and Expenses	\$5,357,188	1+4
6	Underwriting Gain	\$0	
	Total Premium Need	\$5,357,188	1+4

# 2018 Estimated Premium

2018 Premium Summary				
Range	LCM	% Change	Premium	Accounts
0.80	1.645	0.00%	\$745,743	22
0.8 - 1.3	1.645		\$3,306,701	115
1.30	1.645	0.00%	\$1,047,524	23
<b>Totals</b>			<b>\$5,099,968</b>	<b>160</b>
			<b>Premium Need</b>	<b>Difference</b>
0% Underwriting Gain			\$5,357,188	(\$257,220)
5% Underwriting Gain			\$5,625,047	(\$525,080)
10% Underwriting Gain			\$5,892,907	(\$792,939)

## Assumptions:

1. Payroll based on 2016 audit + 2% (except if added in 2017, in which case)
2. No state base rate change in 2018 (2017 rates will hold flat)
3. No change to LCM in 2018 (1.645)
4. Estimated experience mods used (if we calculated for them in June 2017 mod estimate exercise)
5. Premium Need includes 2017 Budget + \$200,000 for potential future payroll audit premium adjustments

## AGREEMENT FOR SERVICES

This Agreement for Services ("Agreement") is made and entered into as of ~~the 1<sup>st</sup> the 25<sup>th</sup>~~ day of ~~December~~August, 2017, 2016, by and among Kansas Municipal Insurance Trust, having offices at 3024 SW Wanamaker Road, Suite 203, Topeka, Kansas, 66614, for itself and on behalf of its Named Insureds, if any, hereinafter collectively referred to as "KMIT", and CORnerstone Risk Solutions, LLC hereinafter referred to as "CRS".

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WHEREAS, KMIT has requested CRS to perform certain services (the "Services") described in Schedule A attached hereto; and,

WHEREAS, CRS desires to render such Services to KMIT pursuant to the terms and conditions set forth below; and,

WHEREAS, CRS and KMIT hereby agree that defining the terms and conditions which shall control the rendering of Services to KMIT by CRS, is mutually beneficial; and,

WHEREAS, the agreed to fees and payment terms for the Services to be rendered are described in Schedule B attached hereto;

KMIT and CRS, while acknowledging the covenants and agreements herein and for good and valuable consideration, receipt and sufficiency of which is hereby acknowledged, do hereby agree and declare:

1. Confidentiality. CRS and KMIT agree that all such Proprietary Information exchanged during the performance of Services under this Agreement shall not be disclosed, communicated or otherwise transferred or made available to unrelated third parties without the prior written consent of the entity whose Proprietary Information is being shared. Proprietary Information includes, without limitation, all information concerning the identities, needs, expirations, policies, or purchasing habits of KMIT, all business systems, financial data, computer data or processes, forms appraisals, loss experience, other similar data and other business records; provided, however, such Proprietary Information shall not include information that is either in the public domain, or accessible to the public under state or federal law, including both Freedom of Information and Open Record laws and regulations.

The confidentiality provisions set forth herein shall survive the termination of the Agreement.

2. Term. This Agreement shall have a Term of ~~three years~~one year, which shall become effective 12:01 AM, January 1, 201~~8~~7 and shall expire and terminate 12:00 AM, January 1, 20~~21~~18. Upon expiration of the Term of this Agreement, no further Services will be provided by CRS to KMIT. In the event of ~~expiration~~non-renewal after the

initial three year term of this Agreement, KMIT will be responsible for all outstanding service fees.

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3. Cancellation. This Agreement may be canceled and terminated by either party, prior to the expiration of the Term, upon one hundred and eighty (180) days prior written notice of the cancellation, except in the case of nonpayment. If this Agreement is cancelled for non-payment, then no prior written notice of cancellation is required. Upon cancellation of the Term of this Agreement, no further Services will be provided by CRS to KMIT. In the event of cancellation of this Agreement, KMIT will be responsible for all outstanding service fees.

4. Assignment. This Agreement may not be assigned by KMIT without the prior written consent of ~~IMA and~~ CRS and shall be binding upon and shall inure to the benefit of the parties hereto and their successors and permitted assigns. Nothing in the Agreement is intended to nor shall confer upon any person or legal entity other than KMIT or CRS and their respective permitted successors and assigns, any rights or remedies under or by reason of this Agreement.

5. Compensation Disclosure. CORnerstone Risk Solutions, LLC is a subsidiary of The IMA Financial Group, Inc., a national financial services company with numerous affiliates and subsidiaries including IMA, Inc., Signature Select LLC, CORnerstone Risk Solutions, LLC, IMC Acumen, LLC, Towerstone, Inc., and TrueNorth, Inc., which owns TrueNorth Securities, Inc. (collectively the "IMA Group"). In addition to the compensation received by ~~IMA-CRS~~ as described in this Agreement, other parties, such as excess and surplus lines brokers, wholesalers, reinsurance intermediaries, underwriting managers and similar parties (some of which may be owned in whole or in part by the IMA Group), may earn and retain usual and customary commissions or other compensation for providing insurance products to KMIT under separate contracts with insurers or reinsurers. Such payments will not be considered as compensation to ~~IMA or~~ CRS and will not offset any compensation payable to ~~IMA or~~ CRS pursuant to this Agreement. Further, the IMA Group may receive contingent or incentive payments or allowances from insurers based on the size or performance of an overall book of business produced with an insurer by the IMA Group. Upon written request, the IMA Group will provide to KMIT additional details and information about such arrangements.

6. Limited Warranties. Those Services provided to KMIT, as set forth in Schedule A, shall comport to applicable industry standards, as well as applicable laws and regulations. KMIT acknowledges that CRS has made no representation, warranty, or guaranty concerning either the performance of, or the results to be obtained from, the Services to be provided hereunder. Additionally, CRS has made no representation, warranty, or guaranty concerning the future financial condition of any insurance carrier providing coverage to KMIT. Accordingly, KMIT remains solely responsible for the conduct and governance of its business operations. KMIT further agrees that any fines or penalties assessed directly against KMIT under any local, state, or federal occupational



safety and health law, the Americans with Disabilities Act, any local, state, or federal order, rule, or statute pertaining to the protection of the environment, or any other local, state, or federal laws, statutes, orders, or regulations shall be KMIT's sole responsibility, and that CRS shall have no responsibility or liability for any portion of any such fines or penalties.

7. Anti-Discrimination Clause. CRS agrees: (a) to comply with the Kansas Act Against Discrimination (K.S.A. 44-1001 *et seq.*) and the Kansas Age Discrimination in Employment Act, (K.S.A. 44-1111 *et seq.*) and the applicable provisions of the Americans With Disabilities Act (42 U.S.C. 12101 *et seq.*) [ADA] and to not discriminate against any person because of race, religion, color, sex, disability, national origin or ancestry, or age in the admission of access to or treatment or employment in, its programs or activities; (b) to include in all solicitations or advertisements for employees, the phrase "equal opportunity employer"; (c) to comply with the reporting requirements set out in K.S.A. 44-1031 and K.S.A. 44-1116; (d) to include those provisions in every subcontract or purchase order so that they are binding upon such subcontractor or vendor; (e) that a failure to comply with the reporting requirements of (c) above or if CRS is found guilty of any violation of such acts by the Kansas Human Rights Commission, such violation shall constitute a breach of contract; (f) if (e) occurs, the contract may be cancelled, terminated or suspended in whole or in part by KMIT.

8. Indemnification. KMIT and CRS will defend, indemnify, and hold harmless, each the other parties and their parent and subsidiary corporations, and other affiliated corporations, partnerships or companies of any type, officers, directors, employees, agents, producers, representatives and assigns (collectively hereinafter referred to as the "Indemnified Parties"), against all liability, including interest, judgments, settlements, attorney's fees, investigation and other defense costs, arising out of, or in any manner connected with, this Agreement and/or the rights or responsibilities hereunder, including but not limited to, an action arising as a result of any error or omission of the other party. Said liability indemnification and hold harmless shall include all judgments, settlements, interest, reasonable attorney's fees and costs incurred by the Indemnified Parties in defending or investigating any such claims. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, NEITHER PARTY SHALL INDEMNIFY THE OTHER PARTY FOR THEIR OWN ORDINARY, STRICT, SOLE OR CONTRIBUTORY NEGLIGENCE OR WILLFUL MISCONDUCT PROVIDED, HOWEVER, IT IS THE INTENT OF THE PARTIES HERETO THAT EACH PARTY SHALL INDEMNIFY THE INDEMNIFIED PARTIES FOR ANY CLAIMS OR ALLEGATIONS OF SUCH NEGLIGENCE ADJUDICATED BY A COURT OF COMPETENT JURISDICTION WHICH RESULTS IN A FINDING OF NO NEGLIGENCE ON THE PART OF SUCH INDEMNIFIED PARTIES. The foregoing provisions are a material part of the consideration for this Agreement and have been factored into the charges agreed upon.

9. Liquidated Damages/Limitation of Liability. Notwithstanding any other provision of this Agreement to the contrary, the liability of CRS to KMIT hereunder shall under no circumstances exceed in the aggregate a sum equal to the annual fee paid by KMIT to

CRS pursuant to this Agreement, unless however, CRS is affirmatively found to have committed an act of gross negligence or willful misconduct by a final judgment of any court.

10. Insurance Requirements. CRS shall maintain the following lines of coverage and limits with insurers or underwriters possessing a financial rating of AM Best "A-" or better during the term of this Agreement:

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1. Professional Errors and Omissions policy in an amount not less than \$5,000,000;
2. Commercial General Liability policy in an amount not less than \$1,000,000 per occurrence, \$2,000,000 general aggregate; and
3. Blanket Employee Dishonesty bond covering all of CRS's officers, directors, partners, principals, employees and agents in an amount not less than \$1,000,000 per occurrence.

CRS shall ~~prior~~ present certificates of insurance or other evidence ~~of that~~ the insurance required by this article upon request of KMIT.

10. Entire Agreement. This Agreement represents the entire understanding and agreement of the parties hereto with respect to the subject matter hereof, supersedes all prior negotiations between such parties, and cannot be amended, supplemented, or modified except by an agreement in writing signed by the party or parties against whom enforcement is sought and making specific reference to in this Agreement. In the event any one or more of the provisions contained in this Agreement or any application thereof shall be invalid, illegal, or unenforceable in any respect, the validity, legality, or enforceability of the remaining provisions of the Agreement and any other application thereof shall not in any way be affected or impaired thereby.

12. Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of Kansas applicable to contracts made in that state.

13. Execution By Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be one and the same instrument.

14. Notice. Any notice by either party to the other party shall be deemed served effective (i) upon delivery, if personally delivered, (ii) upon delivery to Federal Express or other similar courier service, marked for next day delivery, addressed as set forth below, (iii) upon receipt if sent by registered or certified mail, return receipt requested, addressed as set forth below. The notice addresses of the parties are:

If to KMIT: Kansas Municipal Insurance Trust - c/o Don Osenbaugh  
3024 SW Wanamaker Road, Suite 203  
Topeka, KS 66614  
(785) 232-2202

If to CRS: CORnerstone Risk Solutions, LLC - c/o ~~Paul J.~~  
~~Davis~~SueAnn Schultz

P.O. Box 2992  
Wichita, KS 67201-2992  
(316) 267-9221

The customary registered/certified receipt or Federal Express or other courier receipt shall be evidence of such notice. Either party hereto may change the name and address of the designee to whom their notice shall be sent by giving written notice of such change to the other party hereto in the manner above provided, at least ten (10) days prior to the effective date of such notice.

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

“KMIT”

Kansas Municipal Insurance Trust

By: \_\_\_\_\_

Don Osenbaugh  
Pool Administrator

“CRS”

CORnerstone Risk Solutions, LLC

By: \_\_\_\_\_

Paul J. Davis, Director of Program Operations

## Schedule A – Services

### Risk Control

Services covered by this Agreement include annual city visits, safety achievement award evaluation, and other related Services which may arise during this Agreement which the parties mutually desire and agree to be covered.

The surveys and other information made available to KMIT by CRS will be advisory only, and designed to assist KMIT in the establishment and maintenance of KMIT's safety, health, or fire prevention activities. The services KMIT has requested CRS to perform hereunder do not include the management and control of these activities, nor the correction of the conditions pointed out in such reports, and CRS shall have no responsibility therefore.

### Insurance Placement

Services covered by this Agreement include the following insurance policy(ies) and coverage(s):

Excess Workers Compensation  
Trustee Errors and Omissions  
Fidelity Bond

In some instances, risk placements made by CRS on behalf of the KMIT may require the payment of state surplus lines or other premium taxes, Federal excise taxes, and/or fees in addition to the premium itself. CRS will make every effort to identify any such tax and/or fee in advance, but in all instances the payment of these taxes and/or fees will remain the sole responsibility and liability of KMIT.

KMIT will have the responsibility to report and communicate changes in exposures, loss-related data, ownership and other material changes in writing to CRS who shall communicate such information to the KMIT's insurance carrier(s).

The following are insurance products that are project and/or policy specific. The Services related to providing, maintaining and servicing such project and/or policy specific products are governed by this Agreement, however CRS will receive and retain the project and/or policy specific commission payable by the carrier and such commission will not be offset or applied to the annual fee due under this Agreement:

~~1) Trustee Errors and Omissions~~  
~~2) Surety Bond policies~~  
~~3) 1) Project specific insurance policies;~~

Other services which are not listed above may be considered outside our scope of services and additional fees may apply. In the case that a service is outside the scope of services (i.e., excessive travel, meetings, etc.) CRS will notify KMIT and negotiate additional fees prior to providing services.

### **Risk Management and Administrative**

Services covered by this Agreement include consulting with the KMIT administrator and other key personnel; assisting in the identification of program exposure to risk; collection and review of needed data including loss projection and cost analysis; evaluation of alternative approaches to deal with those exposures (i.e., elimination, reduction or segregation of loss exposures, retention, contractual or financial transfer, etc.); selection and implementation of the chosen approach; monitoring of the results; assist KMIT in preparing and filing State Filing and Reports to State Insurance Department and experience data to NCCI; prepare notices, agendas, and minutes for Board of Trustees meetings; act as liaison with state authorities and respond to inquiries from state authorities; provide information; file required forms and reports with state and other governmental authorities; maintain appropriate files; be the official depository of all KMIT records and documents; mail and process all applications to member cities for annual renewal; bookkeeping; preparation of monthly financial statements; coordinate banking functions, handle deposits and reconciliations; assist KMIT's auditor and actuary as necessary in the performance of their services to KMIT; assist with the annual payroll audit of members, annual financial audit, actuarial studies, and other financial reports, the cost of such audits and studies to be borne by KMIT; prepare quotations of membership contributions; prepare applications, brochures and other membership and marketing materials for on-site visits and other meetings; provide training and education services and programs on loss control and risk management; provide to KMIT member cities a quarterly newsletter and training publication and other materials as deemed necessary; maintain and update the KMIT website, cost of the website to be borne by KMIT; ~~submit all administrative reports to the National Council on Compensation Insurance (NCCI);~~ calculate and submit all quotes for prospective and continuing pool members; related computer services; use of a PO Box address in the State of Kansas for claim information reporting, process mail as directed; and other related Services which may arise during this Agreement which the parties mutually desire and agree to be covered.

## **Claims Management**

~~Services covered by this Agreement include claim adjustment and settlement by a designated claim adjuster, coordination of additional outside services as required including medical providers and legal assistance with advise and consultation of Administrator, claim payment, check issuance, fee schedule and utilization review, subrogation and salvage, claim information system, claim reports to the KMIT Board, claim data reports on a frequency to be agreed, participation in KMIT meetings as requested, notification to excess insurers of qualified claims as required, and reports to bureaus and regulatory agencies as required, and other related Services which may arise during this Agreement which the parties mutually desire and agree to be covered. Services hereunder shall continue for all claims occurring during the Term of this Agreement and for so long as KMIT maintains a continuous agreement(s) for Claims Management Services with CRS. Upon termination of this Agreement KMIT may request at its expense, the files CRS has maintained for qualified claims or losses.~~

~~KMIT will maintain a claim payment fund in the amount of \$400,000 which has been deposited with Intrust Bank in a claim payment fund account in the name of KMIT and against which CRS will issue its payment instruments for claim and allocated expense payments. KMIT retains the ultimate responsibility for payment of claims and all allocated expense associated with such claims. For the purpose of this Agreement, allocated expenses shall include, but are not limited to, attorneys' fees, appearance fees, witness fees, medical examinations, medical management and cost containment services, police and private investigator reports, independent adjusters fees and other outside services, field adjuster activities outside of Sedgwick and surrounding counties, outside experts and sub contract transcripts, depositions, court reporters, private investigators, pursuit of subrogation beyond identification and first notice. The claim payment fund will be replenished by KMIT on a monthly basis and an account distribution report will be provided by CRS. If scheduled payments exceed the fund balance KMIT shall, immediately upon notification, remit full payment to CRS.~~

~~Settlement of all claims must be approved according to the following:~~

- ~~a)The CRS claim adjuster shall have complete authority and discretion to settle any and all claims and issue checks provided the full settlement amount is \$10,000 or less.~~
- ~~b)The claims adjuster and the KMIT Administrator jointly have complete authority and discretion to settle any and all claims and issue checks provided the full settlement amount is more than \$10,000 but less than \$20,000.~~

~~e) Settlement of all claims exceeding \$20,000 requires the prior approval of the KMIT Board of Trustees.~~

## Schedule B – Compensation for Services

1. The fees below are deemed fully earned upon execution of this Agreement and KMIT agrees that such Fee is separate from, and in addition to, commissions for insurance coverage placement, if any.  
KMIT shall pay a fee ("Fee") to CRS as compensation for the Services provided under this Agreement, for ~~the each~~ annual period ~~described above~~, in the sum and amount of

Year 1 -	<del>\$570,000</del>	370,000
Year 2 -	<del>\$</del>	381,000
Year 3 -	<del></del>	\$392,500

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~~The~~Each yearly ~~f~~Fee shall be due and payable in monthly installments commencing January 1, ~~of each year~~2018 in 10 equal installments, ~~of \$36,57,000 each.~~ Conditional underwriting visits and supervisor training sessions will be billed, when Service is requested by KMIT, at \$500 per visit.

2. Payment of all invoices submitted to KMIT, from CRS, will be made pursuant to the invoice due date. In the event KMIT does not remit timely payment, CRS reserves the right to terminate this Agreement, in writing, without notice, and all further obligations of CRS under this Agreement are terminated and void.
3. It is understood that other benefit management or insurance services may be undertaken by CRS from time to time by mutual agreement of the parties. The parties agree to amend this Agreement as necessary to describe the additional services and compensation payable to IMA for such services.



**Workers' Compensation Third Party  
Administration Services**

**August 17, 2017**

**Fee Proposal**

**PRESENTED TO:**

**KANSAS MUNICIPAL INSURANCE TRUST**

**PRESENTED BY:**

**Jason Shultz**

Vice President, Western Region  
200 Union Blvd., Suite 580, Lakewood, CO 80228  
Office: (888) 538-9847 Ext. 3260  
Fax: 720-962-0301  
Mobile: 562-676-6029  
[Jason.Shultz@tristargroup.net](mailto:Jason.Shultz@tristargroup.net)



**TRISTAR<sup>®</sup>** transforming risk into opportunity<sup>®</sup>

At TRISTAR, we believe that Kansas Municipal Insurance Trust (KMIT) should have a clear understanding of the price we charge for our services. We believe that a flat annual fee for claims administration services is the most transparent way of pricing an account. Our goal is to tailor both our services and our fee arrangements to best meet your needs. Our promise is to provide premier quality management, administrative efficiency, and cost controls and feel they are as primary to our mission as they are to yours.

Since our experience has proven that improper focus on administrative costs does not achieve the goal of properly managing total claim disposal costs, we will work with you to strike a balance between controlling administrative expenses and providing the appropriate level of resources to realize the best economic outcomes on your claims. We have utilized TRISTAR best practices standards and the desired service specifications to develop our price offering.

For the purposes of this presentation we offer the following compensation alternative:

- **Flat Annual Fee for Claims Administration Services**

Unless otherwise noted, claim service fees quoted presume use of TRISTAR Managed Care services, in accordance with the rates outlined on the Preferred Provider Specialty Services page.

All Rates Quoted Include:

- Complete and thorough “desk” investigation of all claims reported in accordance with TRISTAR’s Best Practices and any special service agreements made with KMIT
- Evaluation of liability and damages to establish appropriate reserves
- Reserve Advisories at KMIT-designated levels
- Notification/reporting to KMIT in accord with our service agreements
- Adjustment and payment of compensable claims
- Litigation Planning and Management
- Employment of anti-fraud measures including assignment and direction of investigators to reduce possibility of payment of non-compensable claims (services of special investigators not included)
- Maintenance of a record of all investigation, payment and adjustment activities within TRISTAR’s claims system and files
- Pre-Settlement Advisories
- Structured Settlement Management (cost of structures not included)
- Large Loss Notices/E-Mail Alerts
- Claim Acknowledgements
- Closing Notices/Reports
- Subrogation/Recovery/Restitution – No Additional Recovery/Recovery Fee Charged (unless extraordinary circumstances require outside legal counsel)
- Conference calls with assigned legal counsel, and other ancillary service providers as necessary or requested

The fees apply only to claims occurring and serviced in the United States. Upon termination or non-renewal of our contract with KMIT TRISTAR will transfer open claims to KMIT or to another third party administrator. TRISTAR shall be entitled to payment for services for all claims reported at the rates quoted here. Should KMIT choose to transfer the open files, all costs associated with the transfer shall be assumed and paid for by KMIT.

**Allocated Loss Adjustment Expense:**

For the fee arrangement quoted, our claim service fees do not include services defined as Allocated Loss Adjustment Expense, whether such services are performed by employees of TRISTAR or others.

**Flat Annual Fee**

Based upon our analysis of KMIT's historical claims activity and the work effort required to manage it for one year, we are prepared to offer a Flat Annual Fee to manage both pending and expected newly reported. The pricing offered below is based on our analysis of required workloads, KMIT's historical claim activity and the average compensation we expect to pay our staff to manage the claims for the next year. We will handle all claims pending (open) at the start of the contract year and any claims that are newly reported or reopen during the contract year for the Flat Annual Fee quoted from the time we receive the claims until the time that the claim is closed or the contractual handling period ends, whichever comes first.

The following is our Flat Annual Fee for KMIT's program for Contract Years 1 and 2. We have contemplated some growth for KMIT from its current annual expected claim counts with the corresponding change in the business exposures but no significant change in the geographic location of where claims will arise (all in Kansas).

<b>Existing and New Reported Claims Flat Annual Fee – Life of Contract Handling</b>	
	<b>Annual Fee</b>
Contract Year 1 – 1/1/2018 – 12/31/2018	\$216,300
Contract Year 2 – 1/1/2019 – 12/31/2019	\$222,789

**Administration Fee: No Charge – Included in flat annual fee****Includes:**

- Account Management
- KMIT-Specific Claims Handling Instructions
- Quality Assurance Management & Review
- Bank Account Management & Reconciliation (TRISTAR Accounts Only)
- Client Meetings as requested
- Carrier Audits
- Annual Stewardship Meeting/Report and Analytical Review
- 1099 Form Preparation
- Reporting for brokers, actuaries, consultants, and excess carriers
- Participation in Client Education Programs
- Development of Policies and Procedures

**Risk Management Information Systems:****Includes: No Charge – Included in flat annual fee**

- Client Portal User IDs for Pool Administrator
- Customer Hierarchy and Organizational Structure maintenance
- System Access to Losses, Financials & Reserves

- Adjuster and Supervisory Notes Access
- Report Templates
- Scheduled Reports
- OSHA Logs, if desired
- State Annual and Periodic Reporting as required
- Periodic Cost Containment Reports
- Claim System Training
- Help Desk Access
- Customer Service Unit Support

**Preferred Provider Specialty Services:** Fees listed are for Preferred Provider Specialty Services. These fees are paid as Allocated Loss Adjustment Expenses or, where required by state law, as loss. Fees effective January 1, 2017.

<u>Services</u>	<u>Fees</u>
<b><i>Medical Bill Review:</i></b>	
Provider/Ancillary Bill Review	\$8.50 per bill
Hospital Bill Review (in and outpatient)	12% of savings
Implantable Device Review	27% of savings
<b><i>Plus</i></b>	
PPO/Pharmacy/DME	27% of Savings (all savings are post fee schedule or U&C)
Specialty Bill/Out of Network Review	30% of Savings (all savings are post fee schedule or U&C)
Duplicate Bills	} No Charge
Duplicate Line Items	
Monthly Savings Reporting	
Reconsiderations	
<b><i>Other Services:</i></b>	
Special Investigations	Outsourced, at cost – typically \$85 per hour
Central Index Bureau	\$15 per report
MMSEA/SCHIP Query and Reporting	\$10 (One-time Fee per Claim)
Mileage	IRS allowance rate

# **2017 KMIT Nominating Committee\* Report**

The following KMIT member-city officials have been selected by the Nominating Committee to appear on the ballot as nominees for KMIT Board of Trustees positions, before the General Membership of KMIT, at the 2017 KMIT Annual Meeting, on September 17, in Wichita:

Position #2: Randy Frazer, Moundridge (2-year term)

Position #4: Janie Cox, Haysville (2-year term)

Position #5: Greg DuMars, Lindsborg (2-year term)

Position #9: Ty Lasher, Bel Aire (2-year term)

Position #10: Carey Steier, Pittsburg (2-year term)

Position #11: Michael Reagle, Garden City (2-year term)

\* David Dillner (El Dorado), Chair; Tim Hardy (Elkhart) and Kerry Rozman (Clay Center).

# KMIT Advisory Board Proposal

August 2017

**Purpose:** To preserve an active 'connection' to KMIT, to and with former KMIT Board members, and thereby add an effective *layer of institutional memory* to the KMIT Pool, thus hopefully contributing to the continued ongoing success of the program.

**Background:** KMIT Board members serve a for a relatively short, term-limited, timeframe, given the long life of the program. Experienced and well-informed board members are not currently provided a resource pathway, following 'retirement' from the Board, in order to stay in touch with the happenings of KMIT; nor are they given the opportunity to share their knowledge of the history, etc. of KMIT, in any meaningful way.

**Eligibility:** Former KMIT Trustees who are still either currently working for a 'KMIT city' or who have taken formal retirement, via acceptance of a *specific invitation* from the current Board. Invitations to the Advisory Board would be extended only to those former Trustees who had served on the Board within the past 10-12 years, as well as having served a 'significant' amount of time as a KMIT Trustee .

**Structure:** No formal Advisory Board structure is anticipated.

**Authority:** Advisory only. Members could be asked to serve on a special 'ad hoc' committee from time-to-time, etc.

**Obligations:** Advisory Board members would be expected to receive, and *lightly review*, board packets, and to attend one Board of Trustee meeting, as a group, each year--mostly likely the late-June meeting (and also would be invited to join the trustees/staff for a casual dinner the night before). Individual Advisory Board members would also have a standing invitation to attend any other board meetings and/or pre-meeting dinners, as well.

# Osenbaugh Professional Services Agreement Extension/Revision

effective date: August 25, 2017

The September 1, 2015 contract for services agreement for pool administration services (attached), between KMIT and Don Osenbaugh, is hereby amended (extended and revised) under the following additional terms and conditions:

1. The contract expiration date is extended through December 31, 2020;
2. The monthly contract amount for the year 2020 shall be \$9,240;
3. Fidelity bond coverage is required, and will be paid for, in full, by KMIT;
4. Osenbaugh must maintain a current Kansas P&C insurance license;
5. KMIT will pay for all costs associated with the required attendance by Osenbaugh at the following annual conferences, seminars and trainings:
  - A. One *related* 'national' conference (such as PRIMA, PARMA, National Work Comp Association, etc.);
  - B. KACM Fall Conference;
  - C. CCMFOA Spring Conference (or a portion thereof);
  - D. MO-KS PRIMA Conference;
  - E. KSIA Conference;
  - F. KMU Conference;
  - G. NCCI Annual Kansas Update Seminar;

*Note: The KMIT President may waive required attendance for any of the above. Also, Osenbaugh is expected to attend other related in-state trainings, at the expense of KMIT.*

This addendum takes effect immediately upon its passage by the KMIT Board of Trustees, on August 25, 2017.

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KMIT President Debbie Price/date

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Don Osenbaugh/date

# **Non-Agenda Information and Background Material**



# KANSAS MUNICIPAL INSURANCE TRUST

## Board of Trustees Minutes from April 28, 2017

*Approved in Pittsburg on June 24, 2017*

**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 written in a cursive, flowing style.

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

# **2018 KMIT Supervisor Seminar Schedule**

Thursday, April 26, 1-4PM, Dodge City\*

Thursday, June 28, 1-4PM, McPherson (at KMU)\*

Thursday, August 23, 1-4PM, Edwardsville\*

Wednesday, September 19, 1-4PM, Hays

Thursday, September 20, 1-4PM, Augusta

Thursday, September 27, 1-4PM, Fort Scott

\*there will be a board dinner that night and a board meeting the next day, in this city or a nearby city



# KMIT Supervisor Seminar Schedule, 2016-2018



# 2018 KMIT Trustee Meeting Schedule

Friday, February 23--Bel Aire

Friday, April 27--Garden City\*

Friday, June 29--McPherson (KMU)\*\*

Friday, August 24--Edwardsville\*\*

Sunday, October ?--Topeka (during LKM; after KMIT Annual Meeting)

Friday, December 7--Wichita (IMA)

\*Supervisor Seminar in Dodge City on 4/26

\*\*Supervisor Seminar in same city the day before

# KMIT Glossary

## Work Comp Terms/Acronyms

**ALJ.** Administrative Law Judge. Claims term. ALJs hear work comp claim cases when there is a settlement disagreement. The ruling of an ALJ carries, basically, the same weight as does a District Court Judge in civil and criminal cases, and can be appealed to a higher court.

**AWW.** Average Weekly Wage. Claims term. The gross wages of the employee earned during the 26 calendar weeks immediately preceding the date of injury

**Cash Balance.** The actual cash on hand (checking and investments) at any given point in time. Typically, Cash Balance far exceeds Net Worth (often over a 4:1 ratio)

**'Division' (also 'DWC').** Workers Compensation Division, Kansas Department of Labor. The KDOL-DWC regulates all *non-insurance* aspects of work comp (safety, volunteers, etc.).

**Equity, Total.** See Net Worth.

**Excess Insurance.** Excess Coverage. Excess Insurance is a layer of insurance that pays for a loss only after all other applicable insurance has been exhausted. For KMIT, the fund currently pays the first \$750,000 of every occurrence, and then, after that has been exhausted, the excess insurance carrier (currently Safety National [SNCC]) pays for the remainder of the covered loss.

**Experience Modifier.** See MOD.

**Hard Market.** Business term. When the private market (insurance industry) for work comp is expensive, and work comp insurance may actually be dropped as a product by most companies in many cases.

**'Hardening' Market.** Business term. When the private insurance market pricing is pricing higher than it has been for work comp insurance, and the trend seems to be in that same direction.

**IBNR.** Incurred But Not Reported. Financial/Accounting term. IBNR reflects the total amount owed by the insurer to all valid claimants who have had a covered loss, but have not yet reported it, or a major turn of events in a current reported claim. IBNR is a mathematical estimate set by an actuary. Insurers track IBNR by policy periods (in KMIT, annually by calendar year). The characteristics of IBNR makes it look more like a reserve or provision for the particular types of losses not reported, hence gives a better estimation of profits for the insurer's current business period.

**IME.** Independent Medical Exam (or Examiner). Claims term. A medical exam provided by an independent physician, and usually ordered by a judge when there is a significant difference in opinions of two separate treating physicians.

**Indemnity.** Claims term. One of the two benefits provided under Worker's Compensation (the other is the payment of approved medical costs associated with a work-related injury). This benefit compensates the injured employee for loss of wages due to the work-related accident.

**KID.** Kansas Insurance Department. Regulates all *insurance* aspects of work comp.

**'LCM'.** Loss Cost Multiplier. Also known as 'Filed Rate'. Pricing term. The 'cost of doing business' rate filed with the Kansas Insurance Department (KID) by each insurance company and pool doing business in Kansas. (KMIT's 2014 LCM will be filed as 1.40.)

**MMI.** Maximum Medical Improvement. Claims term. The injured worker has 'plateaued' in medical care and no further medical treatment will provide any improvement in his medical status.

**'MOD'.** Experience Modifier. Pricing term. Experience Modifier is a factor used to make adjustments of annual premium based on insured's previous loss experience. Usually three years of loss experience are used to determine the experience modifier for a workers' compensation policy. The three-year period typically includes not the immediate past year, but the three prior.

**NCCI.** National Council for Compensation Insurance. All work comp claims costs and reserves data are continuously fed to NCCI (by KMIT and all other KS carriers and pools, and by most other states, as well). NCCI computes the loss rates, and establishes the ongoing Mods for each individual client (city), and also calculates class code loss rates for the use by the regulatory agencies (in KS, that is KID).

**Net Worth.** (AKA: Total Equity or Fund Balance) Accounting term. The total of all assets less all current and future liabilities, including Reserve and IBNR.

**PPD.** Permanently Partially Disabled. Claims term. Able to work, but will have some permanent limitation(s).

**PPI.** Permanent Partial Impairment. Claims term. A rating provided by the treating physician which is the extent, expressed as a percentage, of the loss of use of the injured body part and based on the 4<sup>th</sup> edition of the AMA guides.

**PTD.** Permanently Totally Disabled. Claims term. Unable to return to work on a permanent basis.

**Reserve.** Claims and Accounting term. Claims Term. An estimate of the total cost of the claim based on experience and current exposure to include medical, indemnity, and other expenses. This is a dollar amount that is set on the claim and can change as the status of the claim changes.

**Reserve Advisory.** Claims Term. Claim summary report presented at the KMIT Board Meeting by the adjuster that provides information on a claim which has exceeded \$25,000 in reserves.

**Retention.** A dollar amount specified in a insurance policy that must be paid by the insured before the insurance policy will respond to a loss. Currently, KMIT is directly accountable for a 'retention' amount of the first \$300,000 on each incident. The excess carrier would pick up the cost of the claim for anything above the \$300,000.

**RUE.** Right Upper Extremity. Claims term.

**Settlement.** Claims Term. An agreement between the injured employee and the employer/insurance carrier that concludes the claim and usually includes a lump sum payment. A settlement can be full and final which closes out ALL issues or a settlement can be a joint award that gives the injured worker rights to future benefits.

**Soft Market.** Business term. When prices are very low in the private market for work comp. In a very soft market, private carriers sometimes have actually sold work comp at an underwriting loss.

**'Softening' Market.** Business term. When the private insurance market is pricing lower than recently for work comp insurance, and that trend is expected to continue.

**Subrogation.** Claims term. The right to file a lien and/or lawsuit against a third party who was responsible for the accident, in order to recover expenses paid on the workers' compensation claim.

**TTD.** Temporary Total Disability. Claims term. Unable to return to work on a temporary basis.

**TPD.** Temporary Partial Disability. Claims term. Able to return to work, but with temporary restrictions.





# Kansas Insurance Department

Ken Selzer, CPA, Commissioner of Insurance

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To: All Kansas Domiciled Municipal Group-Funded Pools and Group-Funded Workers' Compensation Pools

From: Kansas Insurance Department

Re: House Bill 2043 – Changes to Examination Requirements Pertaining to Pools

Date: June 16, 2017

House Bill 2043 was recently passed by the Kansas Legislature. This legislation amends K.S.A. 44-584 and K.S.A. 2016 Supp. 12-2620 to eliminate provisions directing the Insurance Commissioner to conduct an examination of the affairs and financial condition of municipal group-funded pools and group-funded workers' compensation pools (collectively "pools") every five years. Instead, HB 2043 allows an examination to be conducted whenever the Insurance Commissioner deems necessary. The legislation will take effect July 1, 2017. We have attached a copy of HB 2043 for your reference.

In an effort to prepare for the change in the examination requirements for these pools, the Kansas Insurance Department ("Department") is updating its records to ensure that adequate information is available to assist in determining when discretionary examinations will be performed.

To assist in the Department's compilation of this information, please complete the attached Request for Information. This information is being requested from all pools, regardless of when the most recent examination was conducted, to ensure that our records are current and complete.

We look forward to receiving your response within 30 business days.

Please direct your response and any questions to Richard Todd as follows:

Richard Todd  
Insurance Examiner  
Kansas Insurance Department  
420 SW 9<sup>th</sup> St.  
Topeka, KS 66612  
[rtodd@ksinsurance.org](mailto:rtodd@ksinsurance.org)  
785-296-2716

Sincerely,

Richard Ramos  
Director, Financial Surveillance

## Attachments

# Request for Information

## Kansas Domiciled Municipal Group-Funded Pools and Group-Funded Workers' Compensation Pools

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1. Provide a brief narrative of the history of the pool since inception.
2. Provide a listing of the current members.
3. Provide a brief narrative to describe the pool's operations and general administration.
4. Discuss the pool's process and procedures regarding assessments.
5. Discuss the pool's process and procedures regarding claims administration and payment, including whether the pool utilizes a Third Party Administrator ("TPA").
  - a. If the pool utilizes a TPA, please provide the name and contact information (address, email and phone number) of the TPA(s).
  - b. Additionally, please provide a copy of the TPA agreement(s).
6. Provide the name and contact information (address, email and phone number) of the fund administrator.
7. Provide the name and contact information (address, email and phone number) of the individual or entity responsible for preparing the pool's financial statements that are filed with the Kansas Insurance Department.
8. Provide the name and contact information (address, email and phone number) of the entity responsible for preparing the pool's Audited Financial Report.
9. Discuss the pool's level of actuarial review including the following:
  - a. Indicate whether the pool is subject to an independent actuarial review.
  - b. If so, please indicate how often the review is performed and whether an actuarial opinion is issued.
  - c. If an actuarial opinion is issued, submit the most recent opinion.
  - d. If the pool is not subject to an independent actuarial review, discuss the pool's internal level of actuarial review and explain how the review adequately verifies the pool's reserves.
    - i. Additionally, provide the most recent actuarial review information available pertaining to the adequacy of reserves.

10. Provide a copy of the current governing documents and agreements as follows (if not applicable, please explain):

- a. Articles of Incorporation
- b. Bylaws
- c. Operating Agreements
- d. Other

---

***Prepared by:***

Printed Name: \_\_\_\_\_ Signature: \_\_\_\_\_

Date: \_\_\_\_\_ Title: \_\_\_\_\_



HOUSE BILL No. 2043

AN ACT concerning insurance; relating to financial examination; requirements; amending K.S.A. 40-2912 and K.S.A. 2016 Supp. 12-2620 and 44-584 and repealing the existing sections.

*Be it enacted by the Legislature of the State of Kansas:*

Section 1. K.S.A. 2016 Supp. 12-2620 is hereby amended to read as follows: 12-2620. (a) All certificates granted hereunder shall be perpetual unless sooner suspended or revoked by the commissioner or the attorney general.

(b) Whenever the commissioner shall deem it necessary the commissioner may make, or direct to be made, an examination of the affairs and the financial condition of any pool, ~~except that once every five years the commissioner shall conduct an examination of the affairs and the financial condition of each pool.~~ Each pool shall submit a certified independent audited financial statement no later than 150 days after the end of the fiscal year. The financial statement shall include outstanding reserves for claims and for claims incurred but not reported. Each pool shall file reports as to income, expenses and loss data at such times and in such manner as the commissioner shall require. Any pool which does not use rates developed by an approved rating organization shall file with the commissioner an actuarial certification that such rates are actuarially sound. Whenever it appears to the commissioner from such examination or other satisfactory evidence that the ability to pay current and future claims of any such pool is impaired, or that it is doing business in violation of any of the laws of this state, or that its affairs are in an unsound condition so as to endanger its ability to pay or cause to be paid claims in the amount, manner and time due, the commissioner shall, before filing such report or making the same public, grant such pool upon reasonable notice a hearing, and, if on such hearing the report be confirmed, the commissioner may require any of the actions allowed under K.S.A. 40-222b, and amendments thereto, or suspend the certificate of authority for such pool until its ability to pay current and future claims shall have been fully restored and the laws of the state fully complied with. The commissioner may, if there is an unreasonable delay in restoring the ability to pay claims of such pool and in complying with the law or if rehabilitation or corrective action taken under K.S.A. 40-222b, and amendments thereto, is unsuccessful, revoke the certificate of authority of such pool to do business in this state. Upon revoking any such certificate the commissioner shall communicate the fact to the attorney general, whose duty it shall be to commence and prosecute an action in the proper court to dissolve such pool or to enjoin the same from doing or transacting business in this state. The commissioner of insurance may call a hearing under K.S.A. 40-222b, and amendments thereto, and the provisions thereof shall apply to group-funded pools.

(c) On an annual basis, or within 30 days of any change thereto, each pool shall supply to the commissioner the name and qualifications of the designated administrator of the pools and the terms of the specific and aggregate excess insurance contracts of the pool.

Sec. 2. K.S.A. 40-2912 is hereby amended to read as follows: 40-2912. The association shall be deemed a company or insurer within the scope of K.S.A. 40-222 and 40-223 relating to examinations *subject to examination and regulation by the commissioner.* The board of directors shall submit, not later than March 30 of each year, a financial report for the preceding calendar year in a form approved by the commissioner.

Sec. 3. K.S.A. 2016 Supp. 44-584 is hereby amended to read as follows: 44-584. (a) The application for a new certificate shall be signed by the trustees of the trust fund created by the pool. Any application for a renewal of an existing certificate shall meet at least the standards established in ~~subsections (a)(6) through (a)(14) of K.S.A. 44-582(a)(6) through (a)(14),~~ and amendments thereto. After evaluating the application the commissioner shall notify the applicant that the plan submitted is approved or conversely, if the plan submitted is inadequate, the commissioner shall then fully explain to the applicant what additional requirements must be met. If the application is denied, the applicant shall have 15 days to make an application for hearing by the commissioner after service of the denial notice. The hearing shall be conducted in accordance with the provisions of the Kansas administrative procedure act.

(b) An approved certificate of authority shall remain in full force and

effect until such certificate is suspended or revoked by the commissioner. An existing pool operating under an approved certificate of authority must file with the commissioner, within 120 days following the close of the pool's fiscal year, a current financial statement on a form approved by the commissioner showing the financial ability of the pool to meet its obligations under the worker compensation act and confirmation of specific and aggregate excess insurance as required by law for the pool. If an existing pool's certificate of authority is suspended or revoked, such pool shall have the same rights to a hearing by the commissioner as for applicants for new certificates of authority as set forth in subsection (a) above.

(c) Whenever the commissioner shall deem it necessary the commissioner may make, or direct to be made, an examination of the affairs and financial condition of any pool in accordance with K.S.A. 40-222 and 40-223, and amendments thereto, except that once every five years the commissioner shall conduct an examination of the affairs and financial condition of each pool. Each pool shall submit a certified independent audited financial statement no later than 150 days after the end of the pool's fiscal year. The financial statement shall include outstanding reserves for claims and for claims incurred but not reported. Each pool shall file payroll records, accident experience and compensation reports and such other reports and statements at such times and in such manner as the commissioner shall require. Whenever it appears to the commissioner from such examination or other satisfactory evidence that the solvency of any such pool is impaired, or that it is doing business in violation of any of the laws of this state, or that its affairs are in an unsound condition so as to endanger its ability to pay or cause to be paid the compensation in the amount, manner and time due as provided for in the Kansas workers compensation act, the commissioner shall, before filing such report or making the same public, grant such pool upon reasonable notice a hearing in accordance with the provisions of the Kansas administrative procedure act, and, if on such hearing the report be confirmed, the commissioner shall suspend the certificate of authority for such pool until its solvency shall have been fully restored and the laws of the state fully complied with. The commissioner may, if there is an unreasonable delay in restoring the solvency of such pool and in complying with the law, revoke the certificate of authority of such pool to do business in this state. Upon revoking any such certificate the commissioner shall communicate the fact to the attorney general, whose duty it shall be to commence and prosecute an action in the proper court to dissolve such pool or to enjoin the same from doing or transacting business in this state. The commissioner of insurance may call a hearing under K.S.A. 40-222b, and amendments thereto, and the provisions shall apply to group workers compensation pools.

Sec. 4. K.S.A. 40-2912 and K.S.A. 2016 Supp. 12-2620 and 44-584 are hereby repealed.

Sec. 5. This act shall take effect and be in force from and after its publication in the Kansas register.

I hereby certify that the above BILL originated in the HOUSE, and passed that body

\_\_\_\_\_  
HOUSE concurred in  
SENATE amendments \_\_\_\_\_

\_\_\_\_\_  
*Speaker of the House.*

\_\_\_\_\_  
*Chief Clerk of the House.*

Passed the SENATE  
as amended \_\_\_\_\_

\_\_\_\_\_  
*President of the Senate.*

\_\_\_\_\_  
*Secretary of the Senate.*

APPROVED \_\_\_\_\_

\_\_\_\_\_  
*Governor.*

# *Kansas Insurance Department*

## **Insurance Agent License**

**DONALD W. OSENBAUGH**

**License No. (NPN): 6096233**

I, KEN SELZER, Commissioner of Insurance of the State of Kansas, by the authority vested in me by law, do hereby authorize the licensee named hereon to act with powers indicated below.

<b>Lines of Authority</b>	<b>Effective Date</b>	<b>Renewal Date</b>
PROPERTY	March 13, 2001	July 09, 2019
CASUALTY	March 13, 2001	July 09, 2019
PERSONAL LINES	July 01, 2001	July 09, 2019
CROP	March 13, 2001	July 09, 2019



IN WITNESS WHEREOF, I have hereunto affixed the Office Seal of this Department in the city of Topeka, Kansas, on April 14, 2017.

**Ken Selzer, CPA**  
**Commissioner of Insurance**

NPN = National Producer Number



## Don Osenbaugh

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**From:** Mike O'Neal [mike.oneal@onealconsulting.org]  
**Sent:** Tuesday, June 27, 2017 3:05 PM  
**To:** Mike O'Neal  
**Cc:** Cindy Luxem; Don Osenbaugh; Don McNeely; poped@marc.org; Doug Hamilton; Reasoner, Ed; jimparrish@kworcc.com; joshua.ditmore@qchi.com; Kathy Taylor; Kevin McFarland; lance.cowell@yahoo.com; mike.waters@qchi.com; Patrick Vogelsberg; tcox@krha.org; Aaron Mansfield; Jerry Green; Marsha J. Schrag; Kayron Ronni Anderson; Paul Davis; Jeff Siler; lcowell@cisinsurancesolutions.com; John Crowley  
**Subject:** Re: Fee Sweep case

### Fee Sweep Case participants

Good news! With the Governor's signature on the budget this past weekend, the terms of our settlement have all but been met. The language of the budget calls for funds to be transferred July 1, or as soon thereafter as funds are available. The State Finance Council will meet this week to issue certificates of indebtedness to manage cash flow for FY '18 and I anticipate funds will be transferred in July. The Order Approving Settlement has been signed and delivered to the AG's Office. It will be filed with the Court as soon as funds are transferred, including funds from the Bank Commissioner Fee Fund and Real Estate Commissioner Fee Fund to reimburse legal fees. For those of you who pay into the Workers Compensation Fee fund, I met with Commissioner Selzer and Ass't Commissioner Shultz late last week to discuss how refund of the 2nd 2009 assessments would be handled. They advised that their system does not support being able to set up credits so their plan is to issue refunds directly to the entities who paid twice in 2009 (\$2.355M). His assistant said she thought she already had a spreadsheet of names and that it would not take too long to process once funds were received from the State. Once funds are in hand I plan to put together a press release to publicize the case outcome, more to shine more light on the fee sweep issue than anything. Once we get things wrapped up it becomes a matter of vigilance to watch for any future sweep attempts. The legislation we were able to get passed and signed this year should help to a great extent in the future.

I'll let you know when funds have been transferred. We have a breakdown of fees paid and I will reimburse them to you from my trust account. Let me know if any of you wish to mutually confirm those amounts in advance.

As always, thanks so much for your patience. I'm pleased with the outcome and hope you are as well, in spite of the delay in resolution.

Mike O'Neal  
Attorney at Law  
O'Neal Consulting, LLC  
800 SW Jackson, Suite 818  
Topeka, KS. 66612  
mike.oneal@onealconsulting.org  
620-727-0003

> On Jun 1, 2017, at 3:07 PM, Mike O'Neal <mike.oneal@onealconsulting.org> wrote:

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> Fee Sweep case participants

>

> We have reached agreement on the terms of settlement and the language of the Order and Settlement documents. The settlement is conditioned on legislative approval of the funding piece and actual transfer of the funds and that piece is currently before the budget