



# Board of Trustees

## Board Meeting December 15, 2017 Haysville, Kansas

Haysville Activity Center  
523 Sarah Lane  
Haysville, KS 67060  
9:00 AM

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

**9:00 AM, Friday, December 15, 2017**

**Activity Center\*, Haysville, KS**

1. Call-To-Order and Introductions (President Randy Frazer)
2. Welcome (Haysville Mayor Bruce Armstrong)
3. Trustee Absences/Quorum Declaration (Frazer)
4. (a) Minutes, September 17, 2017—Wichita (Frazer)  
(b) Minutes, November 1, 2017—Special Phone Meeting (Frazer)
5. Risk Management: Financial Reports (Kifer/Osenbaugh)
  - a. September 30, 2017 Financials
  - b. October 31, 2017 Financials
  - c. November 30, 2017 Financials
  - d. Third Quarter (9/30) 2017 KID Financial Report
  - e. November 30, 2017 Cash/Investments Summary
6. Claims Management: Settlement Authority & Reserve Advisory (Miller)
7. Loss Control Management: Update (Rhodes)
8. Risk Management: Excess Coverage Renewal (Cornejo)
9. Risk Management: Errors and Omissions [D&O] Insurance Renewal (Cornejo)
10. KMU Contract For Services (Osenbaugh)
11. Administration: 2018 KMIT Operating Budget (Osenbaugh)
12. CORnerstone/IMA 2017 Review (Davis/Cornejo)
13. KMIT 2017 Review (Osenbaugh)
14. Other Business
15. Adjourn (approximately noon)

**Lunch and Gift Exchange**

# KANSAS MUNICIPAL INSURANCE TRUST

## Board of Trustees Minutes from September 17, 2017

*Unapproved*

**Meeting Convened:** Sunday, September 17, 2017, in the Hyatt Regency Hotel, in Wichita, KS. The meeting was called to order by KMIT Vice President Randy Frazer at 4:49 PM.

Frazer presented newly-elected Trustee Greg DuMars, from Lindsborg.

**Members Present:** *Board Members Present:* Vice President Frazer (Moundridge), Past President Tim Hardy (Elkhart), Ty Lasher (Bel Aire), Janie Cox (Haysville), Carey Steier (Pittsburg), Michael Reagle (Garden City), Keith Schlaegel (Stockton) and Greg DuMars. *Staff:* Deanna Furman (CORnerstone), Barbie Kifer (CORnerstone), Jess Cornejo (CORnerstone), Renee Rhodes (IMA), Paul Davis (CORnerstone), Gene Miller (TRISTAR), and Don Osenbaugh (KMIT Pool Administrator).

**Members Absent From Meeting:** Treasurer David Dillner (El Dorado), Michael Webb (Edwardsville), and Kerry Rozman (Clay Center).

**Minutes: August 25, 2017, McPherson:** Motion to approve as written by Lasher; seconded by Schlaegel. Approved unanimously.

### **Financial Reports:**

- a. August 31, 2017 Financials
- b. August 31, 2017 Cash and Investment Summary

Motion to approve both of the above reports made by Reagle; second by Cox. Approved unanimously.

**Reserve Advisory and Settlement Authority:** None

### **Election of 2017/2018 Officers:**

Hardy moved to approve the following:

1. For President: Randy Frazer;
2. For Vice President: David Dillner;
3. For Treasurer: Kerry Rozman.

The motion was seconded by Schlaegel, and approved unanimously. The newly-elected officers assumed their offices immediately.

**Other Business:** Osenbaugh reminded the Board that Janie Cox (and Haysville) will host the next Board meeting, on Friday, December 15.

**Adjournment:** Motion to adjourn by Schlaegel; second by Cox. Unanimous. Adjourned at approximately 5:15 PM.

# KANSAS MUNICIPAL INSURANCE TRUST

## Special Meeting

### Board of Trustees Minutes from November 1, 2017

*Unapproved*

**Meeting Convened:** Wednesday, November 1, 2017, BY PHONE, originating from the IMA offices, Wichita, KS. Called to order by President Randy Frazer at 11:01 AM.

**Members Present:** *Board Members Present On Site:* President Frazer (Moundridge), Vice President David Dillner (El Dorado) and Ty Lasher (Bel Aire). *Board Members Present Via Phone:* Treasurer Kerry Rozman (Clay Center), Past President Tim Hardy (Elkhart), Janie Cox (Haysville), Carey Steier (Pittsburg), Michael Reagle (Garden City), Keith Schlaegel (Stockton), Michael Webb (Edwardsville) and Greg DuMars (Lindsborg). *Staff Present On Site:* Jess Cornejo (CORnerstone), Kyle Johnston (CORnerstone) and Don Osenbaugh (KMIT Pool Administrator). *Staff Present Via Phone:* Paul Davis (CORnerstone) and Deanna Furman (CORnerstone).

**Members Absent:** None.

**AGENDA:** The sole purpose of the Special Meeting was to discuss the impact on KMIT--finances, etc.--resulting from the recent announcement from the KID of a decrease in state class code rates for 2018.

Osenbaugh introduced and overviewed the subject.

Cornejo presented an analysis (attached) of the possible effects on the KMIT Pool, based on the KMIT (prepared by Milliman) actuarial projections, the newly-updated NCCI mods for each pool member, and the recently-submitted city payroll estimates for 2018. The presented estimated 'risk' amount, thus derived, was ~~-\$666,270~~.

The Board asked a number of questions, and several options were discussed.

Ultimately, the Board decided not to raise the LCM (KMIT's file rate with the State). The motion to keep KMIT's LCM at the current rate of 1.645 was made by Hardy and seconded by Dillner, and approved on a vote of 11-0.

**Adjournment:** Motion to adjourn by Dillner; second by Rozman. Unanimous. Adjourned at approximately 11:50 AM.

---

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





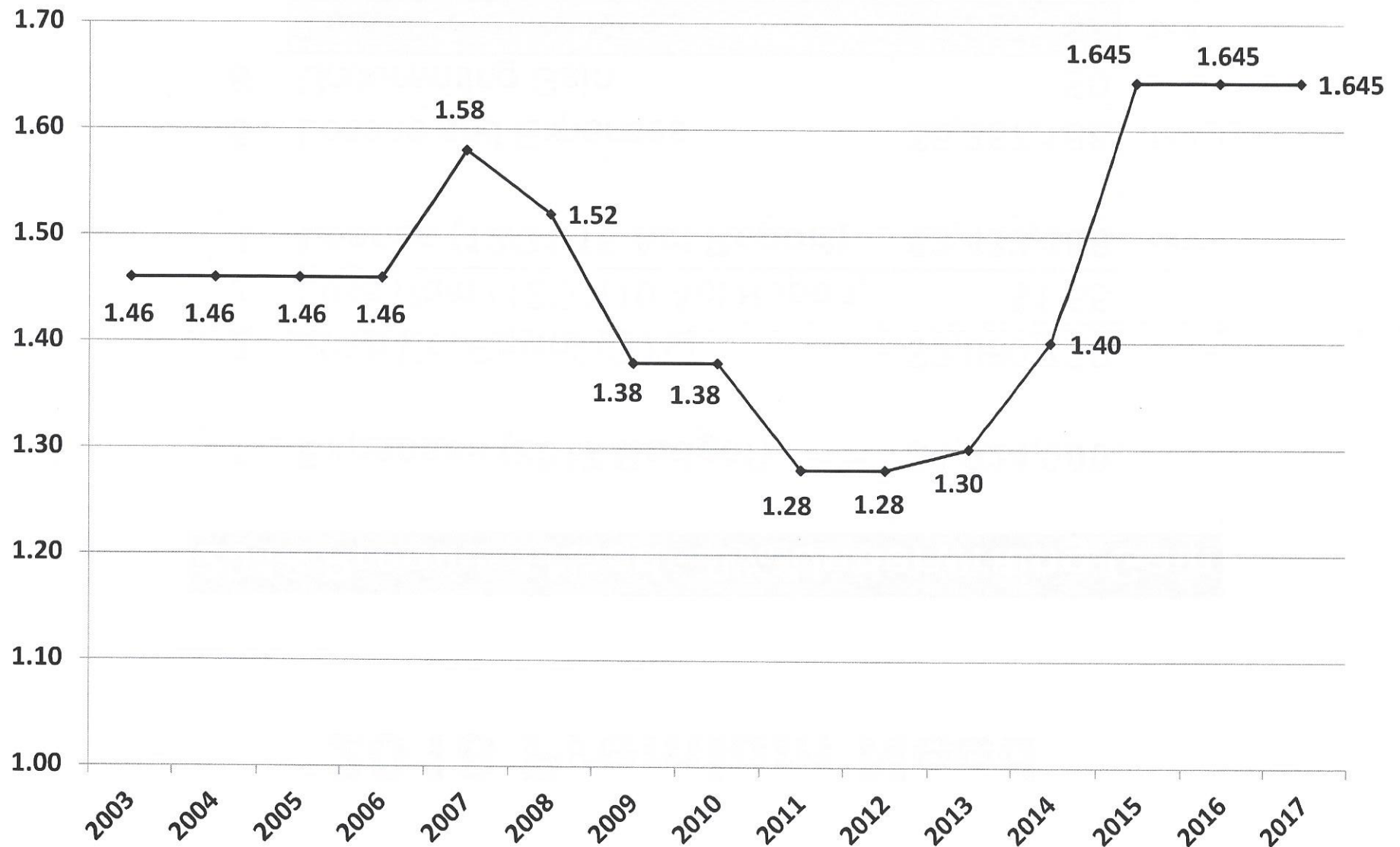
# **2018 Loss Cost Multiplier**

# 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	
	<b>Total Premium Need</b>	<b>\$5,357,188</b>	<b>1+4</b>



# 2018 Estimated Premium

## **BEFORE 2018 State Rate Changes**

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
Totals			\$5,099,968	160
			Premium Need	Difference
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 use 2017 estimate +1%)
- 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



# 2018 Premium Need

**(Updated with 2018 Renewal App Payroll)**

2018 Premium Need - 0% Underwriting Gain			
1	Expenses (2017 Budget)	\$1,924,000	
2	2018 Est Payroll (00's)	\$2,183,194	
3	Loss Rate (12/31/16 Act Report)	\$1.65	
4	<b>Losses (12/31/16 Act Report)</b>	<b>\$3,602,269</b>	2x3
5	Losses and Expenses	\$5,526,269	1+4
6	Underwriting Gain	\$0	
	<b>Total Premium Need</b>	<b>\$5,526,269</b>	1+4

# 2018 Estimated Premium

## **AFTER 2018 State Rate Changes & Updated 2018 Preliminary NCCI Exp Mods**

2018 Premium Summary				
Range	LCM	% Change	Premium	Accounts
0.80	1.645	0.00%	\$655,629	19
0.8 - 1.3	1.645		\$3,359,386	121
1.30	1.645	0.00%	\$844,984	20
<b>Totals</b>			<b>\$4,859,999</b>	<b>160</b>
			Premium Need	Difference
0% Underwriting Gain			\$5,526,269	(\$666,270)
5% Underwriting Gain			\$5,802,583	(\$942,584)
10% Underwriting Gain			\$6,078,896	(\$1,218,897)

### Assumptions:

1. Payroll based on 2018 Preliminary Payroll Estimates (Submitted by Cities)
- 2. 2018 state base rate DECREASE of 8%.**
3. No change to LCM in 2018 (1.645)
4. Preliminary 2018 NCCI Experience Mods used (Previously used Exp Mod estimates for cities we estimated for during June 2017 mod estimate exercise, which included cities with increases of 5% or more)
5. Premium Need includes 2017 Budget + \$200,000 for potential future payroll audit premium adjustments

# KMIT Balance Sheet

September 30, 2017

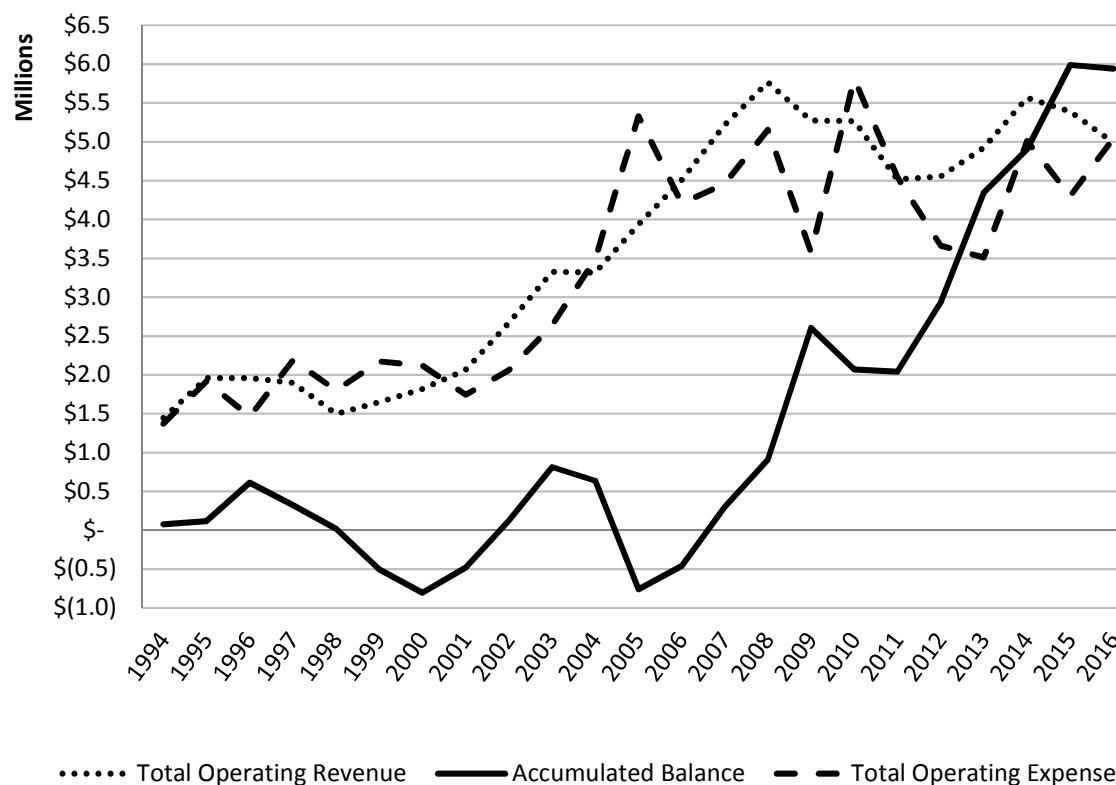
## ASSETS

Checking Accounts	\$ 347,854
Investments	\$ 15,321,124
Accrued Interest	\$ 135,107
Accounts Receivable	\$ 4,469
Excess Premium Receivable	\$ 23,739
Specific Recoverable	\$ 326,387
Aggregate Recoverable	\$ 7,849
Prepaid Expenses	\$ 149,771
<b>Total Assets</b>	<b>\$ 16,316,300</b>

## LIABILITIES & EQUITY

Accounts Payable	\$ (1,437)
Excess Premium Payable	\$ -
Reserve for Losses	\$ 3,138,549
IBNR Reserve	\$ 5,510,043
Deposits on Premium	\$ 1,334,415
Accrued Taxes and Assessments	\$ 293,546
<b>Total Liabilities</b>	<b>\$ 10,275,116</b>
<b>Total Equity</b>	<b>\$ 6,041,183</b>
<b>Total Liabilities and Equity</b>	<b>\$ 16,316,300</b>

## KMIT Financial Overview



# KMIT Profit and Loss

September 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>\$ 491,499</b>	<b>\$ 454,928</b>	<b>\$ 450,244</b>	<b>\$ 437,018</b>	<b>\$ 533,041</b>	<b>\$ 649,336</b>	<b>\$ 739,251</b>	<b>\$ 817,268</b>	<b>\$ 907,207</b>	<b>\$ 917,398</b>	<b>\$ 954,418</b>
<b>CLAIMS FUND EXPENSE</b>															
Claims Paid Expense	\$ 716,700	\$ 1,049,152	\$ 790,125	\$ 2,073,604	\$ 1,995,934	\$ 1,742,920	\$ 1,444,428	\$ 1,097,087	\$ 1,211,714	\$ 1,874,209	\$ 2,287,462	\$ 3,910,980	\$ 2,595,844	\$ 2,762,718	\$ 3,319,005
Claims Paid Adjusting Expense	\$ 25,541	\$ 54,345	\$ 46,505	\$ 90,802	\$ 84,971	\$ 143,659	\$ 123,467	\$ 83,206	\$ 129,112	\$ 149,296	\$ 150,067	\$ 242,572	\$ 180,114	\$ 192,807	\$ 237,883
Claims Reserve Expense	\$ -	\$ -	\$ -	\$ -	\$ 70,620	\$ 53,423	\$ 10,167	\$ -	\$ -	\$ -	\$ 42,550	\$ 158,316	\$ 65,052	\$ 116,615	\$ 194,618
Claims Reserves Adjusting Expense	\$ -	\$ -	\$ -	\$ -	\$ 5,627	\$ 4,043	\$ 2,246	\$ -	\$ -	\$ -	\$ 772	\$ 11,296	\$ 12,315	\$ 10,430	\$ 12,720
IBNR Reserve Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,084	\$ -	\$ -	\$ -	\$ 51,322	\$ -	\$ 64,312	\$ 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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (7,849)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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>\$ 4,509,511</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>\$ 1,801,306</b>	<b>\$ 2,173,593</b>	<b>\$ 2,119,455</b>	<b>\$ 1,744,478</b>	<b>\$ 2,063,325</b>	<b>\$ 2,639,694</b>	<b>\$ 3,492,859</b>	<b>\$ 5,326,778</b>	<b>\$ 4,209,269</b>	<b>\$ 4,457,491</b>	<b>\$ 5,154,613</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>\$ (302,949)</b>	<b>\$ (524,526)</b>	<b>\$ (300,069)</b>	<b>\$ 322,872</b>	<b>\$ 606,319</b>	<b>\$ 687,287</b>	<b>\$ (177,143)</b>	<b>\$ (1,392,711)</b>	<b>\$ 297,857</b>	<b>\$ 758,109</b>	<b>\$ 610,358</b>
<b>Accumulated Balance</b>	<b>\$ 74,486</b>	<b>\$ 118,029</b>	<b>\$ 613,312</b>	<b>\$ 322,715</b>	<b>\$ 19,766</b>	<b>\$ (504,759)</b>	<b>\$ (804,828)</b>	<b>\$ (481,956)</b>	<b>\$ 124,362</b>	<b>\$ 811,649</b>	<b>\$ 634,506</b>	<b>\$ (758,206)</b>	<b>\$ (460,349)</b>	<b>\$ 297,760</b>	<b>\$ 908,118</b>

# KMIT Profit and Loss

September 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	\$ 3,992,157	\$ 5,052,000	\$ 84,949,008
Interest Income	\$ 81,601	\$ 52,768	\$ 72,925	\$ 70,104	\$ 71,861	\$ 107,601	\$ 128,600	\$ 160,374	\$ 162,495	\$ 130,000	\$ 2,708,489
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>\$ 4,154,652</b>	<b>\$ 5,182,000</b>	<b>\$ 87,668,198</b>
<b>ADMINISTRATION FUND EXPENSE</b>	<b>\$ 952,028</b>	<b>\$ 1,032,822</b>	<b>\$ 967,732</b>	<b>\$ 931,872</b>	<b>\$ 993,996</b>	<b>\$ 1,067,888</b>	<b>\$ 1,056,607</b>	<b>\$ 1,126,968</b>	<b>\$ 927,068</b>	<b>\$ 1,244,000</b>	<b>\$ 18,507,604</b>
<b>CLAIMS FUND EXPENSE</b>											
Claims Paid Expense	\$ 2,030,454	\$ 3,843,636	\$ 2,681,321	\$ 1,926,429	\$ 1,706,479	\$ 3,125,626	\$ 1,624,512	\$ 1,408,377	\$ 456,983	\$ -	\$ 47,675,696
Claims Paid Adjusting Expense	\$ 131,299	\$ 185,644	\$ 146,534	\$ 168,247	\$ 123,519	\$ 123,731	\$ 121,839	\$ 80,636	\$ 13,553	\$ -	\$ 3,029,347
Claims Reserve Expense	\$ 19,571	\$ 253,431	\$ 181,413	\$ 61,822	\$ 29,673	\$ 332,047	\$ 187,028	\$ 332,052	\$ 782,163	\$ -	\$ 2,890,560
Claims Reserves Adjusting Expense	\$ 5,359	\$ 11,859	\$ 5,444	\$ 9,425	\$ 10,396	\$ 32,396	\$ 22,063	\$ 28,281	\$ 63,317	\$ -	\$ 247,989
IBNR Reserve Expense	\$ 97,374	\$ 125,069	\$ 223,822	\$ 239,549	\$ 252,130	\$ 396,239	\$ 835,071	\$ 1,611,240	\$ 1,457,858	\$ -	\$ 5,510,043
Excess Work Comp Insurance	\$ 341,935	\$ 351,375	\$ 336,966	\$ 337,595	\$ 395,128	\$ 432,750	\$ 456,352	\$ 451,042	\$ 352,682	\$ 480,000	\$ 6,771,723
Specific Recoverable Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (188,186)	\$ -	\$ -	\$ -	\$ -	\$ (326,387)
Specific Recovery Expense	\$ -	\$ (43)	\$ -	\$ (9,965)	\$ -	\$ (311,814)	\$ -	\$ -	\$ -	\$ -	\$ (2,206,387)
Aggregate Recoverable Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (7,849)
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>\$ 3,126,555</b>	<b>\$ 480,000</b>	<b>\$ 63,119,411</b>
<b>Total Operating Expense</b>	<b>\$ 3,578,020</b>	<b>\$ 5,803,792</b>	<b>\$ 4,543,232</b>	<b>\$ 3,664,974</b>	<b>\$ 3,511,321</b>	<b>\$ 5,010,676</b>	<b>\$ 4,303,473</b>	<b>\$ 5,038,595</b>	<b>\$ 4,053,623</b>	<b>\$ 1,724,000</b>	<b>\$ 81,627,015</b>
<b>BALANCES</b>											
<b>KMIT Statutory Fund Balance</b>	<b>\$ 1,697,008</b>	<b>\$ (537,214)</b>	<b>\$ (26,540)</b>	<b>\$ 889,663</b>	<b>\$ 1,414,374</b>	<b>\$ 557,269</b>	<b>\$ 1,086,171</b>	<b>\$ (48,695)</b>	<b>\$ 101,029</b>	<b>\$ 3,458,000</b>	<b>\$ 6,041,183</b>
<b>Accumulated Balance</b>	<b>\$ 2,605,126</b>	<b>\$ 2,067,911</b>	<b>\$ 2,041,372</b>	<b>\$ 2,931,034</b>	<b>\$ 4,345,409</b>	<b>\$ 4,902,678</b>	<b>\$ 5,988,849</b>	<b>\$ 5,940,154</b>	<b>\$ 6,041,183</b>		



# KMIT Admin Expenses

September 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	\$ 40,049	\$ 44,616	\$ 39,531	\$ 30,875	\$ 34,311	\$ 39,671	\$ 57,683	\$ 73,636	\$ 80,255	\$ 81,810	\$ 88,737
<b>Sub Total</b>	<b>\$ 95,360</b>	<b>\$ 77,466</b>	<b>\$ 56,281</b>	<b>\$ 105,257</b>	<b>\$ 88,983</b>	<b>\$ 79,280</b>	<b>\$ 72,163</b>	<b>\$ 55,589</b>	<b>\$ 69,799</b>	<b>\$ 94,418</b>	<b>\$ 137,832</b>	<b>\$ 203,345</b>	<b>\$ 167,659</b>	<b>\$ 165,199</b>	<b>\$ 179,055</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>\$ 491,499</b>	<b>\$ 454,928</b>	<b>\$ 450,244</b>	<b>\$ 437,018</b>	<b>\$ 533,041</b>	<b>\$ 649,336</b>	<b>\$ 739,251</b>	<b>\$ 817,268</b>	<b>\$ 907,207</b>	<b>\$ 917,398</b>	<b>\$ 954,418</b>

# KMIT Admin Expenses

September 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	\$ 71,334	\$ 95,000	\$ 1,274,534
Directors and Officers Insurance	\$ 15,857	\$ 15,942	\$ 16,038	\$ 16,488	\$ 17,224	\$ 15,956	\$ 15,667	\$ 15,970	\$ 11,954	\$ 17,000	\$ 180,494
Meetings/Travel	\$ -	\$ -	\$ 829	\$ 4,881	\$ 19,334	\$ 29,749	\$ 19,897	\$ 22,638	\$ 12,437	\$ 20,000	\$ 124,385
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	\$ 5,780	\$ 8,000	\$ 62,153
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	\$ 7,820	\$ 9,000	\$ 25,153
<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>\$ 112,669</b>	<b>\$ 157,000</b>	<b>\$ 2,031,480</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	\$ 36,749	\$ 50,000	\$ 792,330
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	\$ 59,541	\$ 101,376	\$ 39,205	\$ 81,560	\$ 82,901	\$ 129,357	\$ 88,849	\$ 101,532	\$ 51,193	\$ 200,000	\$ 1,425,844
<b>Sub Total</b>	<b>\$ 139,905</b>	<b>\$ 211,610</b>	<b>\$ 161,738</b>	<b>\$ 125,005</b>	<b>\$ 127,250</b>	<b>\$ 180,414</b>	<b>\$ 136,676</b>	<b>\$ 148,361</b>	<b>\$ 87,943</b>	<b>\$ 250,000</b>	<b>\$ 2,966,590</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	\$ 205,000	\$ 210,000	\$ 1,495,000
Risk Control	\$ 145,000	\$ 145,000	\$ 145,000	\$ 145,000	\$ 150,000	\$ 150,000	\$ 155,000	\$ 155,000	\$ 155,000	\$ 155,000	\$ 2,699,073
Claims Adjusting	\$ 175,000	\$ 195,000	\$ 185,000	\$ 185,000	\$ 185,000	\$ 185,000	\$ 205,000	\$ 205,000	\$ 210,000	\$ 210,000	\$ 4,086,259
Risk Analysis	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,671	\$ 14,651	\$ 27,647	\$ 9,450	\$ 15,000	\$ 61,419
POET	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,425	\$ 10,513	\$ 15,863	\$ 12,000	\$ 33,800
Pool Admin Services	\$ 225,000	\$ 225,000	\$ 230,000	\$ 230,004	\$ 75,600	\$ 81,900	\$ 98,560	\$ 99,360	\$ 76,287	\$ 102,000	\$ 3,934,727
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>\$ 726,457</b>	<b>\$ 837,000</b>	<b>\$ 13,509,534</b>
<b>Administration Fund Expense</b>	<b>\$ 952,028</b>	<b>\$ 1,032,822</b>	<b>\$ 967,732</b>	<b>\$ 931,872</b>	<b>\$ 993,996</b>	<b>\$ 1,067,888</b>	<b>\$ 1,056,607</b>	<b>\$ 1,126,968</b>	<b>\$ 927,068</b>	<b>\$ 1,244,000</b>	<b>\$ 18,507,604</b>

# KMIT Balance Sheet

October 31, 2017

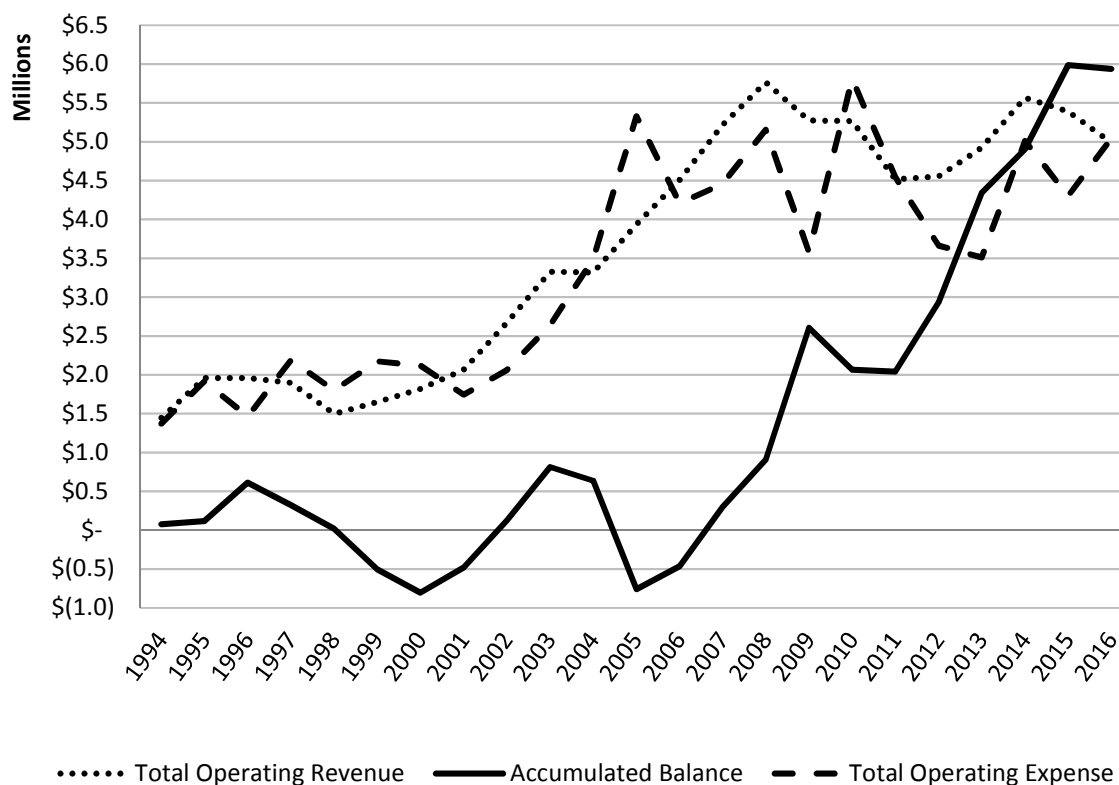
## ASSETS

Checking Accounts	\$ 414,333
Investments	\$ 15,010,012
Accrued Interest	\$ 133,133
Accounts Receivable	\$ 1,166
Excess Premium Receivable	\$ 23,739
Specific Recoverable	\$ 326,387
Aggregate Recoverable	\$ 7,849
Prepaid Expenses	\$ 99,736
<b>Total Assets</b>	<b>\$ 16,016,355</b>

## LIABILITIES & EQUITY

Accounts Payable	\$ (1,437)
Excess Premium Payable	\$ -
Reserve for Losses	\$ 3,396,704
IBNR Reserve	\$ 5,336,910
Deposits on Premium	\$ 889,610
Accrued Taxes and Assessments	\$ 293,546
<b>Total Liabilities</b>	<b>\$ 9,915,333</b>
<b>Total Equity</b>	<b>\$ 6,101,023</b>
<b>Total Liabilities and Equity</b>	<b>\$ 16,016,355</b>

## KMIT Financial Overview



# KMIT Profit and Loss

October 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>\$ 491,499</b>	<b>\$ 454,928</b>	<b>\$ 450,244</b>	<b>\$ 437,018</b>	<b>\$ 533,041</b>	<b>\$ 649,336</b>	<b>\$ 739,251</b>	<b>\$ 817,268</b>	<b>\$ 907,207</b>	<b>\$ 917,398</b>	<b>\$ 954,418</b>
<b>CLAIMS FUND EXPENSE</b>															
Claims Paid Expense	\$ 716,700	\$ 1,049,152	\$ 790,125	\$ 2,073,604	\$ 1,996,723	\$ 1,742,969	\$ 1,444,428	\$ 1,097,087	\$ 1,211,714	\$ 1,874,209	\$ 2,288,131	\$ 3,917,359	\$ 2,596,537	\$ 2,764,645	\$ 3,320,751
Claims Paid Adjusting Expense	\$ 25,541	\$ 54,345	\$ 46,505	\$ 90,802	\$ 84,991	\$ 143,660	\$ 123,473	\$ 83,206	\$ 129,112	\$ 149,296	\$ 150,146	\$ 243,833	\$ 180,142	\$ 192,959	\$ 237,972
Claims Reserve Expense	\$ -	\$ -	\$ -	\$ -	\$ 69,831	\$ 53,374	\$ 10,167	\$ -	\$ -	\$ -	\$ 41,881	\$ 152,073	\$ 64,359	\$ 114,687	\$ 193,000
Claims Reserves Adjusting Expense	\$ -	\$ -	\$ -	\$ -	\$ 5,607	\$ 4,042	\$ 2,241	\$ -	\$ -	\$ -	\$ 694	\$ 11,037	\$ 12,287	\$ 10,278	\$ 12,637
IBNR Reserve Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,084	\$ -	\$ -	\$ -	\$ 51,322	\$ -	\$ 64,312	\$ 90,794	\$ 63,045
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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (7,849)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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>\$ 4,510,648</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>\$ 1,801,306</b>	<b>\$ 2,173,593</b>	<b>\$ 2,119,455</b>	<b>\$ 1,744,478</b>	<b>\$ 2,063,325</b>	<b>\$ 2,639,694</b>	<b>\$ 3,492,859</b>	<b>\$ 5,327,916</b>	<b>\$ 4,209,269</b>	<b>\$ 4,457,491</b>	<b>\$ 5,154,613</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>\$ (302,949)</b>	<b>\$ (524,526)</b>	<b>\$ (300,069)</b>	<b>\$ 322,872</b>	<b>\$ 606,319</b>	<b>\$ 687,287</b>	<b>\$ (177,143)</b>	<b>\$ (1,393,849)</b>	<b>\$ 297,857</b>	<b>\$ 758,109</b>	<b>\$ 610,358</b>
<b>Accumulated Balance</b>	<b>\$ 74,486</b>	<b>\$ 118,029</b>	<b>\$ 613,312</b>	<b>\$ 322,715</b>	<b>\$ 19,766</b>	<b>\$ (504,759)</b>	<b>\$ (804,828)</b>	<b>\$ (481,956)</b>	<b>\$ 124,362</b>	<b>\$ 811,649</b>	<b>\$ 634,506</b>	<b>\$ (759,344)</b>	<b>\$ (461,487)</b>	<b>\$ 296,622</b>	<b>\$ 906,980</b>

# KMIT Profit and Loss

October 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	\$ 4,436,962	\$ 5,052,000	\$ 85,393,813
Interest Income	\$ 81,601	\$ 52,768	\$ 72,925	\$ 70,104	\$ 71,861	\$ 107,601	\$ 128,600	\$ 160,374	\$ 181,979	\$ 130,000	\$ 2,727,973
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>\$ 4,618,940</b>	<b>\$ 5,182,000</b>	<b>\$ 88,132,487</b>
<b>ADMINISTRATION FUND EXPENSE</b>	<b>\$ 952,028</b>	<b>\$ 1,032,822</b>	<b>\$ 967,732</b>	<b>\$ 931,872</b>	<b>\$ 993,996</b>	<b>\$ 1,067,888</b>	<b>\$ 1,056,607</b>	<b>\$ 1,126,968</b>	<b>\$ 982,475</b>	<b>\$ 1,244,000</b>	<b>\$ 18,563,011</b>
<b>CLAIMS FUND EXPENSE</b>											
Claims Paid Expense	\$ 2,031,890	\$ 3,846,666	\$ 2,686,307	\$ 1,926,699	\$ 1,706,479	\$ 3,138,448	\$ 1,629,239	\$ 1,427,013	\$ 615,478	\$ -	\$ 47,892,352
Claims Paid Adjusting Expense	\$ 131,299	\$ 185,797	\$ 146,636	\$ 168,247	\$ 123,519	\$ 123,776	\$ 121,890	\$ 81,623	\$ 18,249	\$ -	\$ 3,037,016
Claims Reserve Expense	\$ 23,135	\$ 250,401	\$ 176,427	\$ 66,552	\$ 29,673	\$ 330,611	\$ 187,301	\$ 320,751	\$ 1,053,709	\$ -	\$ 3,137,932
Claims Reserves Adjusting Expense	\$ 5,359	\$ 11,706	\$ 5,342	\$ 9,425	\$ 10,396	\$ 32,351	\$ 22,016	\$ 27,317	\$ 76,037	\$ -	\$ 258,772
IBNR Reserve Expense	\$ 92,374	\$ 125,069	\$ 223,822	\$ 234,549	\$ 252,130	\$ 384,853	\$ 830,068	\$ 1,603,881	\$ 1,318,608	\$ -	\$ 5,336,910
Excess Work Comp Insurance	\$ 341,935	\$ 351,375	\$ 336,966	\$ 337,595	\$ 395,128	\$ 432,750	\$ 456,352	\$ 451,042	\$ 392,379	\$ 480,000	\$ 6,811,420
Specific Recoverable Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (188,186)	\$ -	\$ -	\$ -	\$ -	\$ (326,387)
Specific Recovery Expense	\$ -	\$ (43)	\$ -	\$ (9,965)	\$ -	\$ (311,814)	\$ -	\$ -	\$ -	\$ -	\$ (2,206,387)
Aggregate Recoverable Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (7,849)
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>\$ 3,474,460</b>	<b>\$ 480,000</b>	<b>\$ 63,468,453</b>
<b>Total Operating Expense</b>	<b>\$ 3,578,020</b>	<b>\$ 5,803,792</b>	<b>\$ 4,543,232</b>	<b>\$ 3,664,974</b>	<b>\$ 3,511,321</b>	<b>\$ 5,010,676</b>	<b>\$ 4,303,473</b>	<b>\$ 5,038,595</b>	<b>\$ 4,456,934</b>	<b>\$ 1,724,000</b>	<b>\$ 82,031,464</b>
<b>BALANCES</b>											
<b>KMIT Statutory Fund Balance</b>	<b>\$ 1,697,008</b>	<b>\$ (537,214)</b>	<b>\$ (26,540)</b>	<b>\$ 889,663</b>	<b>\$ 1,414,374</b>	<b>\$ 557,269</b>	<b>\$ 1,086,171</b>	<b>\$ (48,695)</b>	<b>\$ 162,006</b>	<b>\$ 3,458,000</b>	<b>\$ 6,101,023</b>
<b>Accumulated Balance</b>	<b>\$ 2,603,988</b>	<b>\$ 2,066,774</b>	<b>\$ 2,040,234</b>	<b>\$ 2,929,897</b>	<b>\$ 4,344,271</b>	<b>\$ 4,901,540</b>	<b>\$ 5,987,711</b>	<b>\$ 5,939,017</b>	<b>\$ 6,101,023</b>		



# KMIT Admin Expenses

October 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	\$ 40,049	\$ 44,616	\$ 39,531	\$ 30,875	\$ 34,311	\$ 39,671	\$ 57,683	\$ 73,636	\$ 80,255	\$ 81,810	\$ 88,737
<b>Sub Total</b>	<b>\$ 95,360</b>	<b>\$ 77,466</b>	<b>\$ 56,281</b>	<b>\$ 105,257</b>	<b>\$ 88,983</b>	<b>\$ 79,280</b>	<b>\$ 72,163</b>	<b>\$ 55,589</b>	<b>\$ 69,799</b>	<b>\$ 94,418</b>	<b>\$ 137,832</b>	<b>\$ 203,345</b>	<b>\$ 167,659</b>	<b>\$ 165,199</b>	<b>\$ 179,055</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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Crime	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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>\$ 491,499</b>	<b>\$ 454,928</b>	<b>\$ 450,244</b>	<b>\$ 437,018</b>	<b>\$ 533,041</b>	<b>\$ 649,336</b>	<b>\$ 739,251</b>	<b>\$ 817,268</b>	<b>\$ 907,207</b>	<b>\$ 917,398</b>	<b>\$ 954,418</b>

# KMIT Admin Expenses

October 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	\$ 93,171	\$ 95,000	\$ 1,296,370
Directors and Officers Insurance	\$ 15,857	\$ 15,942	\$ 16,038	\$ 16,488	\$ 17,224	\$ 15,956	\$ 15,667	\$ 15,970	\$ 13,283	\$ 17,000	\$ 181,823
Meetings/Travel	\$ -	\$ -	\$ 829	\$ 4,881	\$ 19,334	\$ 29,749	\$ 19,897	\$ 22,638	\$ 18,451	\$ 20,000	\$ 130,399
Contingencies/Miscellaneous	\$ 34,318	\$ 2,657	\$ 1,708	\$ 3,175	\$ 3,623	\$ 4,385	\$ 3,884	\$ 2,594	\$ (2,607)	\$ 6,000	\$ 356,802
Bank Fees	\$ 2,758	\$ 9,239	\$ 5,776	\$ 4,159	\$ 7,528	\$ 4,460	\$ 5,998	\$ 6,333	\$ 6,197	\$ 8,000	\$ 62,569
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	\$ 8,845	\$ 9,000	\$ 26,179
<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>\$ 137,339</b>	<b>\$ 157,000</b>	<b>\$ 2,056,150</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	\$ 36,877	\$ 50,000	\$ 792,458
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	\$ 59,541	\$ 101,376	\$ 39,205	\$ 81,560	\$ 82,901	\$ 129,357	\$ 88,849	\$ 101,532	\$ 51,193	\$ 200,000	\$ 1,425,844
<b>Sub Total</b>	<b>\$ 139,905</b>	<b>\$ 211,610</b>	<b>\$ 161,738</b>	<b>\$ 125,005</b>	<b>\$ 127,250</b>	<b>\$ 180,414</b>	<b>\$ 136,676</b>	<b>\$ 148,361</b>	<b>\$ 88,070</b>	<b>\$ 250,000</b>	<b>\$ 2,966,718</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	\$ 205,000	\$ 210,000	\$ 1,495,000
Risk Control	\$ 145,000	\$ 145,000	\$ 145,000	\$ 145,000	\$ 150,000	\$ 150,000	\$ 155,000	\$ 155,000	\$ 155,000	\$ 155,000	\$ 2,699,073
Claims Adjusting	\$ 175,000	\$ 195,000	\$ 185,000	\$ 185,000	\$ 185,000	\$ 185,000	\$ 205,000	\$ 205,000	\$ 210,000	\$ 210,000	\$ 4,086,259
Risk Analysis	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,671	\$ 14,651	\$ 27,647	\$ 10,613	\$ 15,000	\$ 62,582
POET	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,425	\$ 10,513	\$ 17,588	\$ 12,000	\$ 35,525
Pool Admin Services	\$ 225,000	\$ 225,000	\$ 230,000	\$ 230,004	\$ 75,600	\$ 81,900	\$ 98,560	\$ 99,360	\$ 84,807	\$ 102,000	\$ 3,943,247
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	\$ 945	\$ -	\$ 87,679
Crime	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 116	\$ -	\$ 116
Web Hosting	\$ -	\$ -	\$ 1,155	\$ 1,187	\$ 2,663	\$ 3,439	\$ 2,846	\$ 2,193	\$ 2,997	\$ -	\$ 16,480
Endorsement Fee	\$ -	\$ -	\$ -	\$ -	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 350,000
<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>\$ 757,065</b>	<b>\$ 837,000</b>	<b>\$ 13,540,143</b>
<b>Administration Fund Expense</b>	<b>\$ 952,028</b>	<b>\$ 1,032,822</b>	<b>\$ 967,732</b>	<b>\$ 931,872</b>	<b>\$ 993,996</b>	<b>\$ 1,067,888</b>	<b>\$ 1,056,607</b>	<b>\$ 1,126,968</b>	<b>\$ 982,475</b>	<b>\$ 1,244,000</b>	<b>\$ 18,563,011</b>

# KMIT Balance Sheet

November 30, 2017

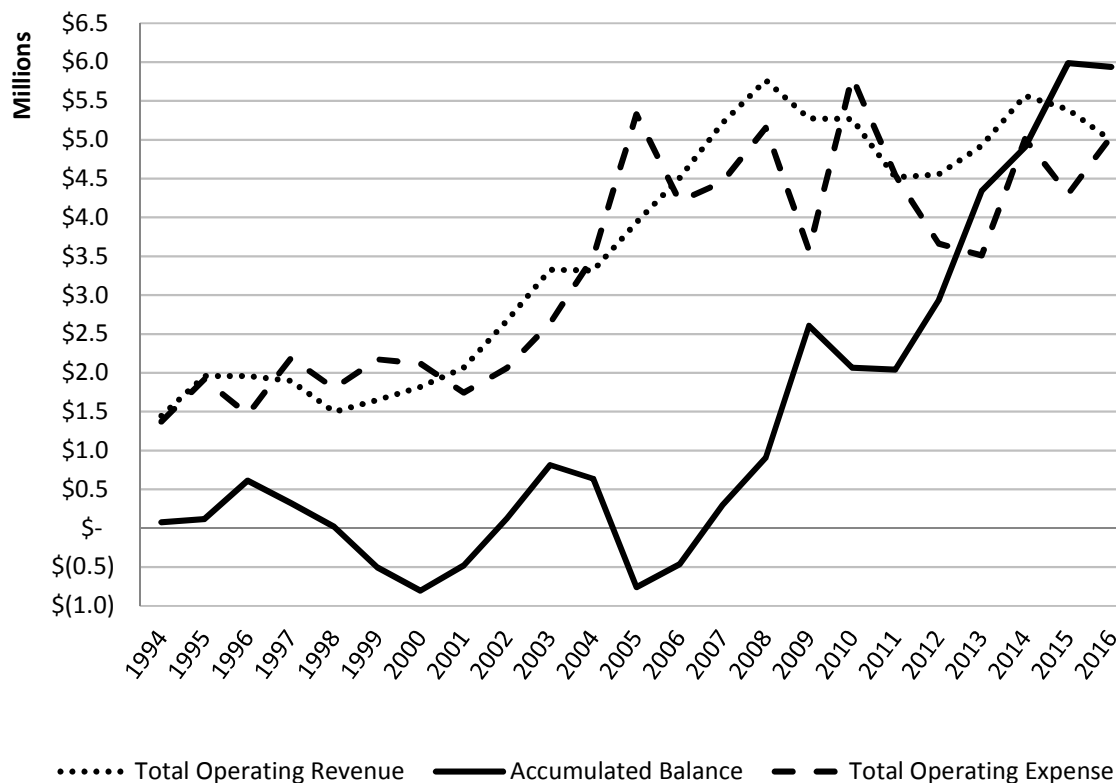
## ASSETS

Checking Accounts	\$	437,753
Investments	\$	14,790,189
Accrued Interest	\$	123,469
Accounts Receivable	\$	378
Excess Premium Receivable	\$	23,739
Specific Recoverable	\$	326,387
Aggregate Recoverable	\$	7,849
Prepaid Expenses	\$	52,159
<b>Total Assets</b>	<b>\$</b>	<b>15,761,923</b>

## LIABILITIES & EQUITY

Accounts Payable	\$	(1,437)
Excess Premium Payable	\$	-
Reserve for Losses	\$	3,538,340
IBNR Reserve	\$	5,300,827
Deposits on Premium	\$	444,805
Accrued Taxes and Assessments	\$	293,546
<b>Total Liabilities</b>	<b>\$</b>	<b>9,576,081</b>
<b>Total Equity</b>	<b>\$</b>	<b>6,185,842</b>
<b>Total Liabilities and Equity</b>	<b>\$</b>	<b>15,761,923</b>

## KMIT Financial Overview



# KMIT Profit and Loss

November 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>\$ 491,499</b>	<b>\$ 454,928</b>	<b>\$ 450,244</b>	<b>\$ 437,018</b>	<b>\$ 533,041</b>	<b>\$ 649,336</b>	<b>\$ 739,251</b>	<b>\$ 817,268</b>	<b>\$ 907,207</b>	<b>\$ 917,398</b>	<b>\$ 954,418</b>
<b>CLAIMS FUND EXPENSE</b>															
Claims Paid Expense	\$ 716,700	\$ 1,049,152	\$ 790,125	\$ 2,073,604	\$ 1,997,971	\$ 1,742,969	\$ 1,444,428	\$ 1,097,087	\$ 1,211,714	\$ 1,874,209	\$ 2,288,529	\$ 3,920,562	\$ 2,597,479	\$ 2,765,959	\$ 3,323,267
Claims Paid Adjusting Expense	\$ 25,541	\$ 54,345	\$ 46,505	\$ 90,802	\$ 85,044	\$ 143,660	\$ 123,473	\$ 83,206	\$ 129,112	\$ 149,296	\$ 150,151	\$ 243,960	\$ 180,151	\$ 192,970	\$ 237,991
Claims Reserve Expense	\$ -	\$ -	\$ -	\$ -	\$ 68,583	\$ 53,374	\$ 10,167	\$ -	\$ -	\$ -	\$ 41,484	\$ 148,870	\$ 63,417	\$ 113,374	\$ 190,485
Claims Reserves Adjusting Expense	\$ -	\$ -	\$ -	\$ -	\$ 5,553	\$ 4,042	\$ 2,241	\$ -	\$ -	\$ -	\$ 688	\$ 10,911	\$ 12,277	\$ 10,267	\$ 12,618
IBNR Reserve Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,084	\$ -	\$ -	\$ -	\$ 51,322	\$ -	\$ 64,312	\$ 90,794	\$ 63,045
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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (7,849)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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>\$ 4,510,648</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>\$ 1,801,306</b>	<b>\$ 2,173,593</b>	<b>\$ 2,119,455</b>	<b>\$ 1,744,478</b>	<b>\$ 2,063,325</b>	<b>\$ 2,639,694</b>	<b>\$ 3,492,859</b>	<b>\$ 5,327,916</b>	<b>\$ 4,209,269</b>	<b>\$ 4,457,491</b>	<b>\$ 5,154,613</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>\$ (302,949)</b>	<b>\$ (524,526)</b>	<b>\$ (300,069)</b>	<b>\$ 322,872</b>	<b>\$ 606,319</b>	<b>\$ 687,287</b>	<b>\$ (177,143)</b>	<b>\$ (1,393,849)</b>	<b>\$ 297,857</b>	<b>\$ 758,109</b>	<b>\$ 610,358</b>
<b>Accumulated Balance</b>	<b>\$ 74,486</b>	<b>\$ 118,029</b>	<b>\$ 613,312</b>	<b>\$ 322,715</b>	<b>\$ 19,766</b>	<b>\$ (504,759)</b>	<b>\$ (804,828)</b>	<b>\$ (481,956)</b>	<b>\$ 124,362</b>	<b>\$ 811,649</b>	<b>\$ 634,506</b>	<b>\$ (759,344)</b>	<b>\$ (461,487)</b>	<b>\$ 296,622</b>	<b>\$ 906,980</b>

# KMIT Profit and Loss

November 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	\$ 4,881,767	\$ 5,052,000	\$ 85,838,618
Interest Income	\$ 81,601	\$ 52,768	\$ 72,925	\$ 70,104	\$ 71,861	\$ 107,601	\$ 128,600	\$ 160,374	\$ 199,883	\$ 130,000	\$ 2,745,877
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>\$ 5,081,649</b>	<b>\$ 5,182,000</b>	<b>\$ 88,595,196</b>
<b>ADMINISTRATION FUND EXPENSE</b>	<b>\$ 952,028</b>	<b>\$ 1,032,822</b>	<b>\$ 967,732</b>	<b>\$ 931,872</b>	<b>\$ 993,996</b>	<b>\$ 1,067,888</b>	<b>\$ 1,056,607</b>	<b>\$ 1,126,968</b>	<b>\$ 1,012,460</b>	<b>\$ 1,244,000</b>	<b>\$ 18,592,996</b>
<b>CLAIMS FUND EXPENSE</b>											
Claims Paid Expense	\$ 2,031,890	\$ 3,847,698	\$ 2,690,808	\$ 1,927,699	\$ 1,706,579	\$ 3,144,737	\$ 1,629,239	\$ 1,440,663	\$ 777,992	\$ -	\$ 48,091,056
Claims Paid Adjusting Expense	\$ 131,299	\$ 185,809	\$ 146,667	\$ 168,247	\$ 123,519	\$ 123,787	\$ 121,890	\$ 81,837	\$ 21,706	\$ -	\$ 3,040,966
Claims Reserve Expense	\$ 23,135	\$ 249,369	\$ 171,925	\$ 65,552	\$ 29,573	\$ 314,498	\$ 187,301	\$ 313,856	\$ 1,249,616	\$ -	\$ 3,294,579
Claims Reserves Adjusting Expense	\$ 5,359	\$ 11,694	\$ 5,311	\$ 9,425	\$ 10,396	\$ 16,226	\$ 22,016	\$ 27,112	\$ 77,624	\$ -	\$ 243,760
IBNR Reserve Expense	\$ 92,374	\$ 125,069	\$ 223,822	\$ 234,549	\$ 252,130	\$ 410,792	\$ 830,068	\$ 1,597,116	\$ 1,263,351	\$ -	\$ 5,300,827
Excess Work Comp Insurance	\$ 341,935	\$ 351,375	\$ 336,966	\$ 337,595	\$ 395,128	\$ 432,750	\$ 456,352	\$ 451,042	\$ 432,075	\$ 480,000	\$ 6,851,117
Specific Recoverable Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (188,186)	\$ -	\$ -	\$ -	\$ -	\$ (326,387)
Specific Recovery Expense	\$ -	\$ (43)	\$ -	\$ (9,965)	\$ -	\$ (311,814)	\$ -	\$ -	\$ -	\$ -	\$ (2,206,387)
Aggregate Recoverable Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (7,849)
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>\$ 3,822,364</b>	<b>\$ 480,000</b>	<b>\$ 63,816,358</b>
<b>Total Operating Expense</b>	<b>\$ 3,578,020</b>	<b>\$ 5,803,792</b>	<b>\$ 4,543,232</b>	<b>\$ 3,664,974</b>	<b>\$ 3,511,321</b>	<b>\$ 5,010,676</b>	<b>\$ 4,303,473</b>	<b>\$ 5,038,595</b>	<b>\$ 4,834,824</b>	<b>\$ 1,724,000</b>	<b>\$ 82,409,354</b>
<b>BALANCES</b>											
<b>KMIT Statutory Fund Balance</b>	<b>\$ 1,697,008</b>	<b>\$ (537,214)</b>	<b>\$ (26,540)</b>	<b>\$ 889,663</b>	<b>\$ 1,414,374</b>	<b>\$ 557,269</b>	<b>\$ 1,086,171</b>	<b>\$ (48,695)</b>	<b>\$ 246,825</b>	<b>\$ 3,458,000</b>	<b>\$ 6,185,842</b>
<b>Accumulated Balance</b>	<b>\$ 2,603,988</b>	<b>\$ 2,066,774</b>	<b>\$ 2,040,234</b>	<b>\$ 2,929,897</b>	<b>\$ 4,344,271</b>	<b>\$ 4,901,540</b>	<b>\$ 5,987,711</b>	<b>\$ 5,939,017</b>	<b>\$ 6,185,842</b>		

# KMIT Admin Expenses

November 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	\$ 40,049	\$ 44,616	\$ 39,531	\$ 30,875	\$ 34,311	\$ 39,671	\$ 57,683	\$ 73,636	\$ 80,255	\$ 81,810	\$ 88,737
<b>Sub Total</b>	<b>\$ 95,360</b>	<b>\$ 77,466</b>	<b>\$ 56,281</b>	<b>\$ 105,257</b>	<b>\$ 88,983</b>	<b>\$ 79,280</b>	<b>\$ 72,163</b>	<b>\$ 55,589</b>	<b>\$ 69,799</b>	<b>\$ 94,418</b>	<b>\$ 137,832</b>	<b>\$ 203,345</b>	<b>\$ 167,659</b>	<b>\$ 165,199</b>	<b>\$ 179,055</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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Crime	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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>\$ 491,499</b>	<b>\$ 454,928</b>	<b>\$ 450,244</b>	<b>\$ 437,018</b>	<b>\$ 533,041</b>	<b>\$ 649,336</b>	<b>\$ 739,251</b>	<b>\$ 817,268</b>	<b>\$ 907,207</b>	<b>\$ 917,398</b>	<b>\$ 954,418</b>

# KMIT Admin Expenses

November 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	\$ 99,607	\$ 95,000	\$ 1,302,807
Directors and Officers Insurance	\$ 15,857	\$ 15,942	\$ 16,038	\$ 16,488	\$ 17,224	\$ 15,956	\$ 15,667	\$ 15,970	\$ 14,611	\$ 17,000	\$ 183,151
Meetings/Travel	\$ -	\$ -	\$ 829	\$ 4,881	\$ 19,334	\$ 29,749	\$ 19,897	\$ 22,638	\$ 19,125	\$ 20,000	\$ 131,073
Contingencies/Miscellaneous	\$ 34,318	\$ 2,657	\$ 1,708	\$ 3,175	\$ 3,623	\$ 4,385	\$ 3,884	\$ 2,594	\$ (2,607)	\$ 6,000	\$ 356,802
Bank Fees	\$ 2,758	\$ 9,239	\$ 5,776	\$ 4,159	\$ 7,528	\$ 4,460	\$ 5,998	\$ 6,333	\$ 6,197	\$ 8,000	\$ 62,569
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	\$ 8,845	\$ 9,000	\$ 26,179
<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>\$ 145,778</b>	<b>\$ 157,000</b>	<b>\$ 2,064,589</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	\$ 36,877	\$ 50,000	\$ 792,458
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	\$ 59,541	\$ 101,376	\$ 39,205	\$ 81,560	\$ 82,901	\$ 129,357	\$ 88,849	\$ 101,532	\$ 51,193	\$ 200,000	\$ 1,425,844
<b>Sub Total</b>	<b>\$ 139,905</b>	<b>\$ 211,610</b>	<b>\$ 161,738</b>	<b>\$ 125,005</b>	<b>\$ 127,250</b>	<b>\$ 180,414</b>	<b>\$ 136,676</b>	<b>\$ 148,361</b>	<b>\$ 88,070</b>	<b>\$ 250,000</b>	<b>\$ 2,966,718</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	\$ 205,000	\$ 210,000	\$ 1,495,000
Risk Control	\$ 145,000	\$ 145,000	\$ 145,000	\$ 145,000	\$ 150,000	\$ 150,000	\$ 155,000	\$ 155,000	\$ 155,000	\$ 155,000	\$ 2,699,073
Claims Adjusting	\$ 175,000	\$ 195,000	\$ 185,000	\$ 185,000	\$ 185,000	\$ 185,000	\$ 205,000	\$ 205,000	\$ 210,000	\$ 210,000	\$ 4,086,259
Risk Analysis	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,671	\$ 14,651	\$ 27,647	\$ 11,138	\$ 15,000	\$ 63,107
POET	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,425	\$ 10,513	\$ 18,563	\$ 12,000	\$ 36,500
Pool Admin Services	\$ 225,000	\$ 225,000	\$ 230,000	\$ 230,004	\$ 75,600	\$ 81,900	\$ 98,560	\$ 99,360	\$ 93,327	\$ 102,000	\$ 3,951,767
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	\$ 11,595	\$ -	\$ 98,329
Crime	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 232	\$ -	\$ 232
Web Hosting	\$ -	\$ -	\$ 1,155	\$ 1,187	\$ 2,663	\$ 3,439	\$ 2,846	\$ 2,193	\$ 3,758	\$ -	\$ 17,240
Endorsement Fee	\$ -	\$ -	\$ -	\$ -	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 350,000
<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>\$ 778,612</b>	<b>\$ 837,000</b>	<b>\$ 13,561,689</b>
<b>Administration Fund Expense</b>	<b>\$ 952,028</b>	<b>\$ 1,032,822</b>	<b>\$ 967,732</b>	<b>\$ 931,872</b>	<b>\$ 993,996</b>	<b>\$ 1,067,888</b>	<b>\$ 1,056,607</b>	<b>\$ 1,126,968</b>	<b>\$ 1,012,460</b>	<b>\$ 1,244,000</b>	<b>\$ 18,592,996</b>

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

Kansas Municipal Insurance Trust  
(Name of Company)

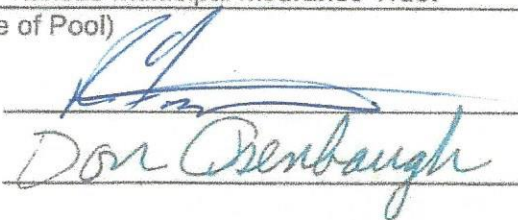
As of 9/30/2017  
1st 2nd (3rd) 4th Quarter (CIRCLE ONE)

<b>ASSETS</b>	<b>CURRENT FISCAL YEAR TO DATE 9/30/2017</b>	<b>PREVIOUS FISCAL YEAR END 12/31/2016 Audited</b>
Administrative fund:		
Cash	\$ 18,867	\$ 124,282
Investments	247,000	
Claims fund:		
Cash	328,986	434,889
Investments	15,074,124	14,119,109
Premium contributions receivable	4,469	70,954
Excess insurance recoverable on claims payments	19,754	15,576
Interest income due and accrued	135,107	141,608
Receivable from affiliates		
Other assets:		
Agent Commissions Receivable	0	1,247
Prepaid Excess Insurance	119,090	0
Prepaid Expenses	30,680	0
Excess Insurance Premium Receivable	23,739	23,920
Less: Non Admitted Assets	(149,771)	0
<b>Total Assets</b>	<b>\$ 15,852,048</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:

  
Don Osenbaugh

Chair of Trustees

Administrator



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

<b><u>LIABILITIES, RESERVES AND FUND BALANCE</u></b>	<b><u>CURRENT FISCAL YEAR TO DATE</u></b> 9/30/2017	<b><u>PREVIOUS FISCAL YEAR END</u></b> 12/31/2016 - Audited
Reserve for unpaid workers' compensation claims	\$ 2,576,078 \$	2,219,538
Reserve for unpaid claim adjustment expenses	247,989	243,712
Reserve for claims incurred but not reported	5,510,043	4,628,689
Unearned premium contribution	0	1,037,223
Other expenses due or accrued		
Taxes, licenses and fees due or accrued	293,546	381,733
Borrowed money \$_____ and interest thereon \$_____		
Dividends payable to members		
Deposits on premium contributions	1,334,415	399,191
Excess insurance premium payable		
Payable to affiliates		
Accounts payable	(1,437)	46,500
Miscellaneous liabilities:		
Return Premium Payable		
Total Liabilities:	\$ 9,960,635 \$	8,956,586
Special reserve funds:		
Total Special Reserve Funds		
<b><u>FUND BALANCE</u></b>		
Total Reserves and Fund Balance (Assets-Liabilities)	5,891,413 \$	5,951,260
Total Liabilities, Reserves and Fund Balance	\$ 15,852,048 \$	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> 9/30/2017</b>	<b><u>PREVIOUS FISCAL YEAR END</u> 12/31/2016 - Audited</b>
Underwriting Income		
Direct Premium Contributions Earned	\$ <u>3,992,157</u> \$	<u>4,829,526</u>
Deductions:		
Excess insurance premium incurred	<u>352,682</u>	<u>451,042</u>
Workers' compensation claims incurred	<u>2,730,307</u>	<u>3,009,276</u>
Claims adjustment expenses incurred	<u>106,137</u>	<u>227,389</u>
Other administrative expenses incurred	<u>899,342</u>	<u>1,003,526</u>
Total underwriting deductions	<u>4,088,468</u>	<u>4,691,233</u>
Net underwriting Gain or (Loss)	\$ <u>(96,311)</u> \$	<u>138,293</u>
Investment income		
Interest income earned (Net of investment expenses)	<u>162,495</u>	<u>160,374</u>
Other income		
Other income	<u>0</u>	<u></u>
Net income before dividends to members	<u>66,184</u>	<u>298,667</u>
Dividends to members	<u></u>	<u></u>
Net income after dividends to members	<u>66,184</u>	<u>298,667</u>
Net Income(Loss)	\$ <u>66,184</u> \$	<u>298,667</u>

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

<u>ANALYSIS OF FUND BALANCE</u>	<u>CURRENT FISCAL YEAR TO DATE</u> 9/30/2017	<u>PREVIOUS FISCAL YEAR END</u> 12/31/2016 - Audited
Fund balance, previous period	\$ <u>5,974,999</u> \$	<u>5,676,332</u>
Net income (Loss)	<u>66,184</u>	<u>298,667</u>
Change in non-admitted assets	<u>(149,771)</u>	<u>0</u>
Rounding		
<u>Change in Non Admitted Assets</u>		
Change in fund balance for the period	<u>(83,586)</u>	<u>298,667</u>
Fund balance, current period	\$ <u>5,891,413</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 9/30/2017

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 Col 4-5	Direct Losses Incurred	Loss Adj. Exp. Incurred	Loss & Loss Exp Incurred Col 6+7	Service Agent Fees Incurred	General Expenses Incurred	Taxes, Licenses & Fees Incurred	Total Expenses Incurred Col 10 + 11 + 12	Claims Ratios as a % Col 9 / Col 6	Admin. Ratios as a % Col 13 / Col 6	Investment Income Earned
0	310	PCY 23	1,422,582	151,393	1,271,189	716,700	25,541	742,241	298,447	83,330	95,360	477,137	58.4%	37.5%	22,675
0	243	PCY 22	1,885,501	210,142	1,675,359	1,049,152	54,345	1,103,496	312,500	211,579	77,466	601,545	65.9%	35.9%	73,225
0	424	PCY 21	1,843,047	133,376	1,709,671	790,125	46,505	836,631	277,342	159,046	56,281	492,669	48.9%	28.8%	114,912
1	524	PCY 20	1,754,515	117,122	1,637,393	1,804,856	90,802	1,895,658	204,543	217,864	102,541	524,948	115.8%	32.1%	142,705
2	572	PCY 19	1,377,722	79,456	1,298,266	1,325,566	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	1,563,775	147,702	1,711,477	185,000	190,573	77,653	453,226	116.3%	30.8%	96,882
2	552	PCY 17	1,689,773	86,819	1,602,954	1,454,594	125,714	1,580,308	190,000	188,080	73,593	451,673	98.6%	28.2%	129,613
0	605	PCY 16	1,965,656	127,168	1,838,488	1,097,087	83,206	1,180,293	195,000	186,428	55,589	437,017	64.2%	23.8%	101,694
1	670	PCY 15	2,616,641	189,458	2,427,183	1,211,714	129,112	1,340,826	217,500	243,407	69,799	530,706	55.2%	21.9%	50,668
1	612	PCY 14	3,274,489	366,991	2,907,498	1,474,072	149,296	1,623,367	280,000	274,918	96,684	651,602	55.8%	22.4%	52,492
2	645	PCY 13	3,256,648	221,435	3,035,213	2,330,012	150,839	2,480,851	293,000	308,419	134,300	735,719	81.7%	24.2%	59,068
11	770	PCY 12	3,837,793	374,472	3,463,321	3,881,171	253,868	4,135,039	310,000	303,923	195,148	809,071	119.4%	23.4%	96,274
16	765	PCY 11	4,272,140	384,425	3,887,715	2,660,896	192,429	2,853,325	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	2,825,334	203,237	3,028,571	365,000	384,794	157,905	907,699	66.9%	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	2,050,025	136,658	2,186,683	390,000	422,122	158,861	970,983	45.1%	20.0%	81,601
15	666	PCY 7	5,213,859	351,375	4,862,484	4,097,024	197,503	4,294,526	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	2,862,734	151,978	3,014,712	400,000	374,349	211,548	985,897	73.4%	24.0%	72,925
6	598	PCY 5	4,484,533	337,595	4,146,938	1,978,286	177,672	2,155,958	400,000	407,086	174,669	981,755	52.0%	23.7%	70,104
5	696	PCY 4	4,853,835	395,128	4,458,707	1,736,151	133,915	1,870,067	580,600	286,205	112,977	979,782	41.9%	22.0%	71,861
10	742	PCY 3	5,460,344	432,750	5,027,594	3,145,859	156,127	3,301,986	596,571	291,845	383,143	1,271,559	65.7%	25.3%	107,601
11	724	PCY 2	5,261,044	456,352	4,804,692	1,811,540	143,902	1,955,443	628,560	291,393	190,117	1,110,070	40.7%	23.1%	128,600
16	778	PCY 1	4,829,526	474,781	4,354,745	1,740,429	108,916	1,849,345	649,360	329,247	24,920	1,003,526	42.5%	23.0%	160,374
382	622	CCY	3,992,157	352,682	3,639,475	1,239,145	76,869	1,316,015	188,040	651,086	60,217	899,342	36.2%	24.7%	162,495

PFY = Prior fiscal Year

CFY = Current Fiscal Year

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

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

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

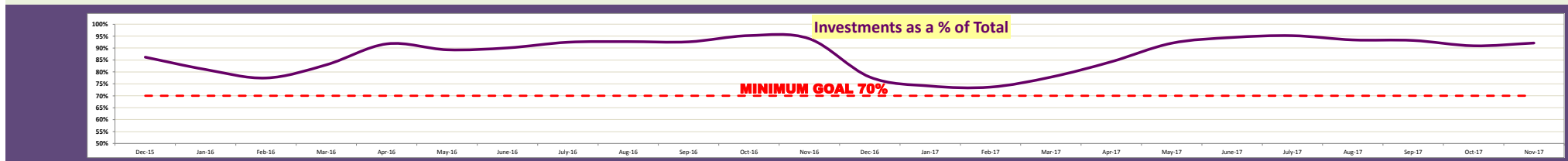
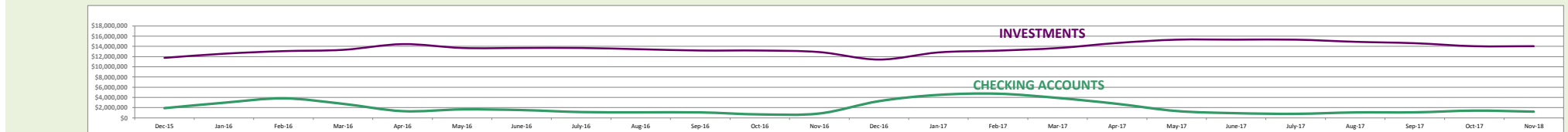
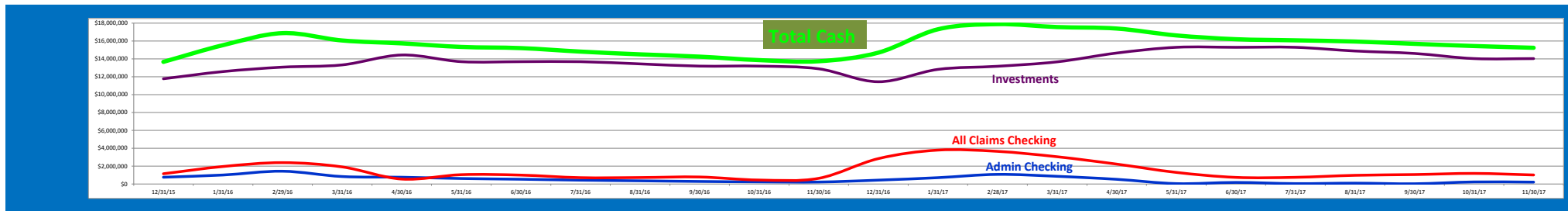
Column 15 should reflect the Total Expenses Incurred divided by the Net Premiums Earned. (Column 13 divided by Column 6)

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

# KMIT Cash/Investment Summary

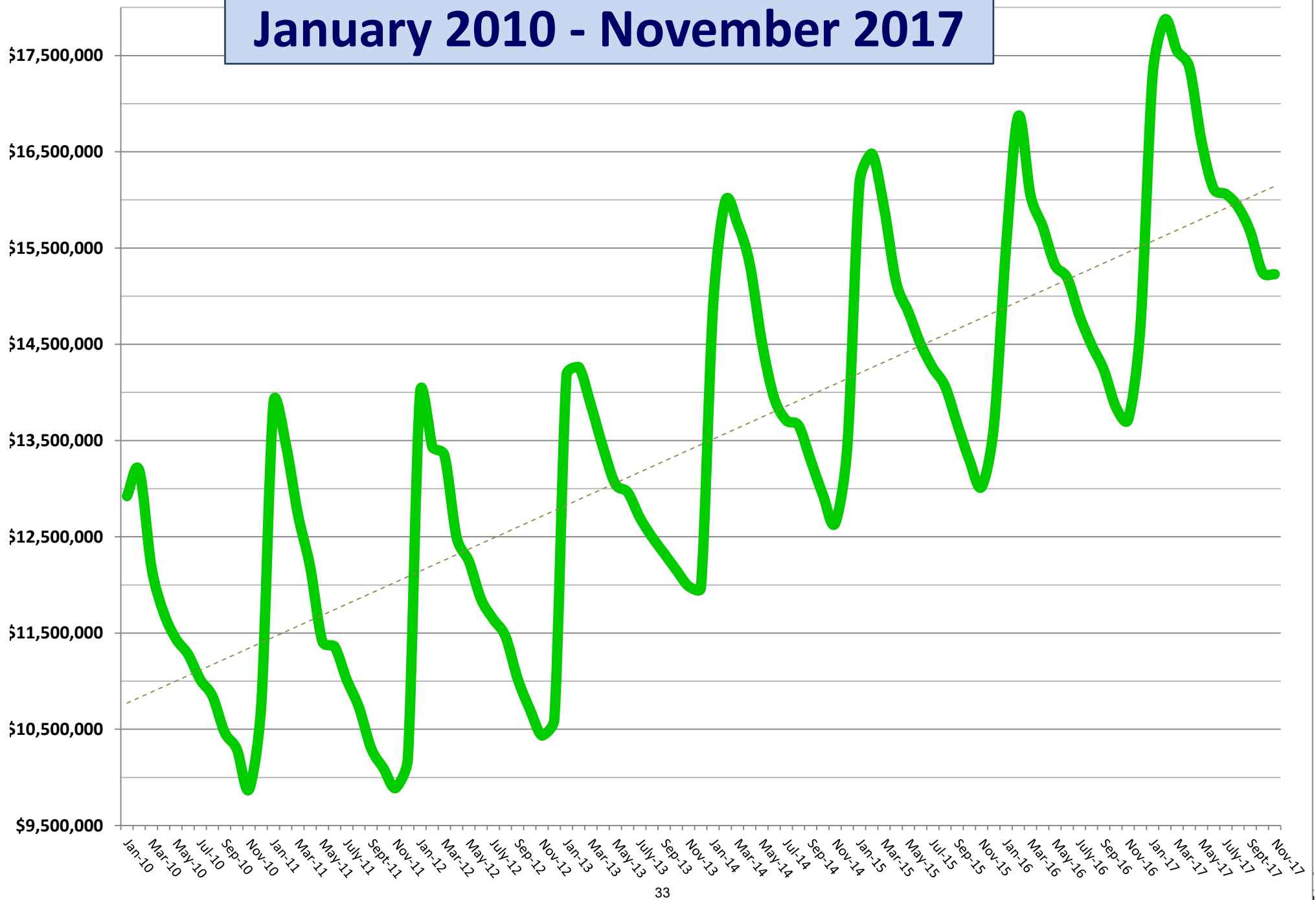
December 31, 2015--November 30, 2017

	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	8/31/17	9/30/17	10/31/17	11/30/17
<b>KMIT Admin Fund</b>																								
Admin Account (CORnerstone)	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	94,380	25,971	230,390	208,808
Admin Checking	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	94,380	25,971	230,390	208,808
<b>KMIT Claims Fund</b>																								
Claims Account (CORnerstone)	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	681,320	866,691	988,013	792,603
Claims Checking Acc't (TRISTAR)	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	271,193	171,316	176,942	198,612
Claims Checking	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	952,513	1,038,007	1,164,955	991,215
<b>INVESTMENTS</b>																								
All Investments	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	14,880,000	14,605,000	14,029,000	14,027,920
<b>TOTAL CASH</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>	<b>15,926,893</b>	<b>15,668,978</b>	<b>15,424,345</b>	<b>15,227,943</b>
	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	8/31/17	9/30/17	10/31/17	11/30/17



# KMIT Total Cash and Investments

## January 2010 - November 2017



## CLAIM SUMMARY-RESERVES

**Employer:** City of Andover  
**Claim No.:** 17691834  
**Employee Age:** 44  
**AWW:** \$690.80  
**Attorneys:** Employee -NA  
**Adjuster:** Gene Miller

**Date of Injury:** 10/13/217  
**Job Description:** Street Dept.  
**Updated:** 10/272017  
**TTD Rate:** \$460.53  
**Employer:** -NA

	Medical	Indemnity	Expense	Total
<b>Reserves</b>	<b>\$36,000.00</b>	<b>\$15,120</b>	<b>\$3,000.00</b>	<b>\$54,120.00</b>
<b>Amount Paid</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Outstanding</b>	<b>\$36,000.00</b>	<b>\$15,120</b>	<b>\$3,000.00</b>	<b>\$54,120.00</b>

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

Claimant picked up a box containing road signs and felt a pull in his right shoulder. He immediately reported the injury to his supervisor and was sent to the designated doctor the same day.

### **Investigation/Compensability**

There were no witnesses. The injury was promptly reported and the injury is not questioned.

### **Medical Management**

Conservative care with the cities designated doctor failed to relieve his symptoms and a MRI was ordered. The MRI shows a complete rotator cuff tear and so he was referred to Dr. Do. Dr. Do is recommending surgical repair.

### **Periods of Disability**

No lost time to date as the city has accommodated duty program.

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

Reserves reflect 8% PPD to shoulder.

### **Subrogation/Other Issues**

No source for subrogation or contribution. There is another issue which is impacting this clam. Claimant suffered a heart attack a short time ago and stents were implanted. His cardiologist will not clear him for surgery before February 2018.

### **Plan of Action:**

I will monitor for his surgery approval. After surgery I will follow-up with him after every doctor's visit to monitor his recovery and will strive for early return to work when appropriate. When he is released from care, I will request a disability rating, obtain settlement authority if necessary, negotiate full/final settlement of all issues, obtain Division approval and close file.



## CLAIM SUMMARY-RESERVES

**Employer:** City of Neodesha  
**Claim No.:** 17678313  
**Employee Age:** 56  
**AWW:** \$664.31  
**Attorneys:** Employee -NA  
**Adjuster:** Gene Miller

**Date of Injury:** 7/7/2017  
**Job Description:** Mechanic  
**Updated:** 10/27/2017  
**TTD Rate:** \$442.87  
**Employer:** -NA

	Medical	Indemnity	Expense	Total
<b>Reserves</b>	<b>\$30,000.00</b>	<b>\$10,000.00</b>	<b>\$2,500.00</b>	<b>\$42,600.00</b>
<b>Amount Paid</b>	<b>\$4,796.19</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$4,796.19</b>
<b>Outstanding</b>	<b>\$25,203.81</b>	<b>\$10,000.00</b>	<b>\$2,500.00</b>	<b>\$37,758.88</b>

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

Claimant was putting a drive shaft back onto a city truck and as he was tightening a bolt on the u-joint, he felt a pop and pain in his right shoulder.

### **Investigation/Compensability**

He reported the injury the same day and sought medical treatment from the city's designated doctor. No witnesses but as the injury was promptly reported, the injury was not questioned.

### **Medical Management**

Conservative treatment did not relieve his symptoms and a MRI was done which revealed a deep partial thickness tear of the rotator cuff. He was referred to Dr. Do who recommends surgical repair and same is scheduled 11/13/17.

### **Periods of Disability**

The city has accommodated his restrictions and no lost time.

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

Reserves reflect 7.5% PPD to shoulder.

### **Subrogation/Other Issues**

No source for subrogation or contribution.

### **Plan of Action:**

I will follow-up with him after his surgery and strive for early return to work, when appropriate.  
I will maintain contact with him after every doctor's appointment till released from medical care.  
A disability rating will then be requested, settlement authority obtained if needed, settlement of all issues negotiated, Division approval obtained and file closed.

## CLAIM SUMMARY-RESERVES

**Employer:** City of Abilene  
**Claim No.:** 17684266  
**Employee Age:** 60  
**AWW:** \$730.30  
**Attorneys:** Employee -NA  
**Adjuster:** Gene Miller

**Date of Injury:** 8/22/2017  
**Job Description:** Water Dept  
**Updated:** 10/31/2017  
**TTD Rate:** \$486.87  
**Employer:** -NA

	Medical	Indemnity	Expense	Total
<b>Reserves</b>	<b>\$40,674.26</b>	<b>\$13,275.00</b>	<b>\$3,516.50</b>	<b>\$57,465.76</b>
<b>Amount Paid</b>	<b>\$5,872.40</b>	<b>\$0.00</b>	<b>\$23.54</b>	<b>\$5,895.94</b>
<b>Outstanding</b>	<b>\$34,801.86</b>	<b>\$13,275.00</b>	<b>\$3,492.96</b>	<b>\$51,569.82</b>

**Accident Description/Nature of Injury:**

Claimant was standing on side of trench operating hydro-excavating machine when the edge of the trench gave way and he fell 10' into the ditch, injuring his left shoulder, hip and back.

**Investigation/Compensability**

The accident was witnessed by several co-workers and not questioned.

**Medical Management**

He was initially seen the emergency room with follow-up with orthopedic Dr. Grauerholz. MRI revealed full thickness tear of his rotator cuff and surgery scheduled November 2.

**Periods of Disability**

No lost time to date. Reserves reflect 12 weeks TTD.

**Permanent Partial Impairment/Permanent Disability**

Reserves reflect 7.5% PPD shoulder

**Subrogation/Other Issues**

No source for subrogation or contribution.

**Plan of Action:**

I will follow-up with claimant after surgery to confirm nothing unexpected found. I will strive for early return to work when appropriate and continue to call claimant after every doctor's appointment. When he is released from medical care a disability rating will be requested, full & final settlement of all issues negotiated, Division approval obtained and file closed.

## CLAIM SUMMARY-RESERVES

**Employer:** City of Newton  
**Claim No.:** 17693708  
**Employee Age:** 39  
**AWW:** \$1,195.18  
**Attorneys:** Employee -NA  
**Adjuster:** Gene Miller

**Date of Injury:** 10/19/2017  
**Job Description:** Firefighter/EMT  
**Updated:** 11/3/2017  
**TTD Rate:** \$630.00  
**Employer:** -NA

	Medical	Indemnity	Expense	Total
<b>Reserves</b>	<b>\$20,000.00</b>	<b>\$16,500.00</b>	<b>\$3,000.00</b>	<b>\$39,500.00</b>
<b>Amount Paid</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Outstanding</b>	<b>\$20,000.00</b>	<b>\$16,500.00</b>	<b>\$3,000.00</b>	<b>\$39,500.00</b>

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

Claimant was participating in an aerobics class. The exercise was to take a step and jump. As he jumped, he felt a pop/pain in his right knee.

### **Investigation/Compensability**

His supervisor was present and also participating in this class. The city requires their fireman to work out one hour each day. The injury is accepted as compensable.

### **Medical Management**

He went to the city doctor the next day and was placed on modified duty and referred to orthopedic Dr. Do. MRI completed which revealed tear of ACL and meniscus. Surgery recommended and authorized.

### **Periods of Disability**

The city doesn't have modified duty for their firemen so he has been off since 10/20/17.

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

Reserves reflect 8% knee.

### **Subrogation/Other Issues**

No source for subrogation or contribution. Other issue is that surgery currently scheduled 12/11/17 and since no modified duty, I'm trying to get the date moved up.

### **Plan of Action:**

I will try to get the surgery date moved up and will follow-up with the claimant following his surgery and after every other doctor's appointment. When he is released from care, I will 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 Bonner Springs  
**Claim No.:** 2017076629  
**Employee Age:** 45  
**AWW:** \$1,081.74  
**Attorneys:** Employee Y- John Gariglietti  
**Adjuster:** Gene Miller

**Date of Injury:** 5/24/2017  
**Job Description:**  
**Updated:**  
**TTD Rate:** \$627.00  
**Employer:** Y- Ron Laskowski

	Medical	Indemnity	Expense	Total
<b>Reserves</b>	<b>\$46,200.00</b>	<b>\$11,5668.00</b>	<b>\$8,600.00</b>	<b>\$65,368.00</b>
<b>Amount Paid</b>	<b>\$549.50</b>	<b>\$1,164.43</b>	<b>\$20.89</b>	<b>\$1,734.82</b>
<b>Outstanding</b>	<b>\$45,650.50</b>	<b>\$10,403.57</b>	<b>\$7,579.11</b>	<b>\$63,633.18</b>

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

Claimant was exposed to mold in the city's police station.

### **Investigation/Compensability**

The city had environmental testing done on the police station and high mold levels were detected. The injury has been accepted as compensable.

### **Medical Management**

He has had extensive testing over a long weekend at KU Medical Center and continues to treat with pulmonary specialist, Dr. Barkman. He continues to have shortness of breath and coughing. He continues to treat with prescription medications with long term goal of returning to regular duty in 3 months. There is a medical case manager assigned to this case.

### **Periods of Disability**

9/30//2017 to 10/19/2017. He returned to work modified duty on 10/20/2017.

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

Reserves reflect 3% Body.

### **Subrogation/Other Issues**

No source for subrogation or contribution.

### **Plan of Action:**

Early return to work has been achieved. I will continue to monitor his medical recovery till released from care. A disability rating will then be requested. There may be on-going prescription needs that I will try to incorporate into a full and final settlement.

## CLAIM SUMMARY-RESERVES

**Employer:** City of Wamego  
**Claim No.:** 17686110  
**Employee Age:** 44  
**AWW:** \$489.25  
**Attorneys:** Employee -NA  
**Adjuster:** Gene Miller

**Date of Injury:** 8/23/2017  
**Job Description:** Water Dept  
**Updated:** 10/31/2017  
**TTD Rate:** \$326.16  
**Employer:** -NA

	Medical	Indemnity	Expense	Total
<b>Reserves</b>	<b>\$40,000.00</b>	<b>\$16,100.00</b>	<b>\$6,000.00</b>	<b>\$62,100.00</b>
<b>Amount Paid</b>	<b>\$541.69</b>	<b>\$1,956.96</b>	<b>\$8.23</b>	<b>\$2,506.88</b>
<b>Outstanding</b>	<b>\$39,458.31</b>	<b>\$14,143.04</b>	<b>\$5,991.77</b>	<b>\$59,593.12</b>

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

Claimant was assisting in laying water line. Excavator was lowering pipe into trench with strap and claimant was walking around excavator when he slipped and fell into the ditch, injuring his right shoulder.

### **Investigation/Compensability**

He reported the accident/injury to his supervisor the same day so compensability not questioned.

### **Medical Management**

He thought he would improve so didn't go to the doctor till September 6 and a MRI done September 30 which revealed a fracture and torn ligaments. Surgery was preformed October 16.

### **Periods of Disability**

He has been off work since September 20.

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

Reserves reflect 8% PPD to shoulder.

### **Subrogation/Other Issues**

No source for subrogation or contribution.

### **Plan of Action:**

I will follow-up with claimant after every doctor appointment and strive for early return to work when appropriate. When he is released from medical care, a disability rating will be requested, settlement authority obtained if necessary, full & final settlement of all issues negotiated, Division approval obtained and file closed.

## KMIT Risk Control

### Valued as of 11/30/2017

#### Comparison by Year

Policy Year	Severity	Frequency
2011	\$3,014,712	635
2012	\$2,160,958	598
2013	\$1,870,067	696
2014	\$3,287,433	742
2015	\$1,960,446	724
2016	\$1,863,469	777
2017	\$2,126,938	755

#### 2017 by Month

Month	Severity	Frequency
January	\$159,497	49
February	\$125,112	46
March	\$159,816	59
April	\$297,489	58
May	\$306,916	99
June	\$106,521	74
July	\$254,373	99
August	\$343,055	94
September	\$128,340	67
October	\$205,470	72
November	\$40,350	38
<b>Totals</b>	<b>\$2,126,938</b>	<b>755</b>

#### 2017 by Department

Department Name	Severity	Frequency
Police	\$484,919	201
Fire	\$297,820	93
Electric	\$242,672	24
Public Works	\$194,829	56
Water	\$172,786	55
Maintenance	\$161,882	40
Parks	\$152,439	72
Street	\$118,182	66
Sanitation	\$69,712	33
Municipality	\$53,002	5
Emergency	\$36,285	7
Animal Control/Shelter	\$36,210	17
Administration	\$26,227	25
Miscellaneous	\$25,111	29
Cemetery	\$22,061	10
Library	\$21,802	3
Zoo	\$2,806	9
Housing Administration	\$1,691	1
Power Plant	\$1,302	2
Golf	\$1,302	3
Plant Operator	\$1,300	2
Village Cafe	\$1,300	1
Senior Center	\$1,300	1
<b>Totals</b>	<b>\$2,126,938</b>	<b>755</b>

#### 2017 by Accident Type

Accident Type	Severity	Frequency
Sprain	\$488,810	122
Strain	\$426,681	82
Contusion	\$198,903	91
Fracture	\$188,712	15
Mult Physical Injuries Only	\$180,448	58
All Other	\$162,375	119
Laceration	\$93,767	75
Puncture	\$49,966	47
Dislocation	\$49,456	4
Burn	\$35,488	11
Inflammation	\$34,947	8
Foreign Body	\$34,187	36
Electric Shock	\$31,900	3
Crushing	\$28,406	14
Cardiovascular Disease	\$23,300	2
Broken Tooth	\$18,300	2
Severance	\$16,859	1
Gunshot Wound	\$15,469	1
Chemical Exposure	\$14,200	8
Heat Prostration	\$9,600	6
Dermatitis	\$9,600	13
Abrasion/Scratch	\$9,164	29
Exposure To Bodily Fluid	\$6,400	8
<b>Totals</b>	<b>\$2,126,938</b>	<b>755</b>

## 2018 KMIT Safety Certification Visits

January – June 2018

2018 Questionnaire will remain the same as 2017.

Reps visiting cities will try to schedule visit in conjunction with safety committee meeting if possible to gain a better perspective of all department's safety activities.

Reps can also perform additional safety activities at the time of the visit upon request by the member city (Respirator Fit Testing, Safety Training, etc.)

Cities have until August 1<sup>st</sup> to submit documentation of additional safety activities to increase their score for 2018 to earn additional discounts on 2019 premiums.

### **Safety Resources to Members:**

KMIT Safety Training Toolbox Notebooks

Available to Cities Free of Charge  
New Books 2/1/18

Aurora Video Library

Information inside KMIT Safety Training Toolbox  
Business Cards with Aurora Info and Space to Write  
User ID & Password

KMIT.net

Toolbox Topics, Newsletters & Safety Manual Program  
Templates

IMA Safety Matters Newsletter

Online registration required

CompControl Newsletter

Distributed Quarterly by KMIT



December 14, 2017

TO: Kansas Municipal Insurance Trust Member

FROM: Renee Rhodes  
KMIT Risk Control Manager

RE: KMIT Safety Certification Program and Annual Visit

As a member of the KMIT Workers' Compensation Program we offer Loss Prevention services as a value added service to our members. As part of the value added services we provide, we developed a Safety Certification Program to benefit our members for their safety activities being performed within their city.

The Loss Prevention Safety Certification Program is a **voluntary program** designed to reduce workers compensation claims and increase safety awareness in city employees. Each city decides how involved they choose to be in implementing the referenced programs, training, etc. By complying with the guidelines set forth in the program, Cities have the opportunity to earn discounts on their Workers Compensation premiums each year. If the City decides to move forward with the requirements established in the program, the checklist enclosed will outline what is needed to earn certification in each level.

On an annual basis IMA Risk Control will visit the cities choosing to participate in the program to verify the safety activities being performed, offer assistance to cities choosing to move up in the levels of the program and also perform a safety inspection helping the city identify hazards that could potentially lead to a work-related injury.

If you are interested in scheduling a visit with IMA Risk Control, learn more about our Safety Certification Program and have your city's safety efforts evaluated to earn discounts on your 2019 workers' compensation premiums, feel free to contact me to initiate the process. IMA Risk Control conducts city visits January through June each year for the initial evaluation but the final safety ratings are not set until August 1<sup>st</sup>. Cities may continue to increase their safety activities and score until that time to maximize the discounts for 2019 premiums. My contact information is listed below, please contact by phone or email if you choose to participate in the 2018 KMIT Safety Certification Program.

Renee Rhodes,  
KMIT Risk Control Manager  
(316) 266-6345 office  
(316)250-2121 mobile  
[Renee.rhodes@imacorp.com](mailto:Renee.rhodes@imacorp.com)

## 2018 KMIT Loss Prevention Certification Program Questionnaire

<b>City Name:</b>	<b>Mod:</b>	<b>Loss Ratio:</b>	<b>Date Completed:</b>
<b>Completed By:</b>	<b>Title:</b>		

	SAFETY & CLAIMS ACTIVITIES	Criteria	W/F	Scoring (0, 1, 2, 3)	Total Score
1	Is there a Safety Handbook/Manual in place?	No/Incomplete = 0, Yes =1, Manual is current and updated within the last two years = 2	3		0
2	New Employee Safety Training/ Orientation Conducted and Documented?	No = 0, Yes, But Not Consistent in All Departments = 1, Yes, Completed in all Departments for all New Hires = 2	5		0
3	Formal Safety Expectations Developed for Supervisors and Employees?	No = 0, Yes, consistently applied and written = 2	5		0
4	Do you have Safety Accountability in place?	No = 0, Yes, All Employees are held accountable for safety activities in their departments = 1, Yes, Safety is included in Performance Evaluations = 2	4		0
5	Was a loss prevention inspection performed by IMA during annual KMIT visit in 2018 or by KDOL within the last 12 months?	No = 0 Yes by IMA= 2 Yes by KDOL=2	2		0
6	Have you had one or more employees attend the KMIT Regional Supervisor's Training Program in the last two years?	No = 0, Yes =2 Year & Location of Trng	3		0
7	Are all employees trained annually on safe lifting/back injury prevention?	No = 0, Yes and Documented For All Departments = 2	5		0
8	Are all employees trained on Prevention of Heat Illness?	No = 0, Yes and Documented For All Departments = 2	5		0
9	Are all employees trained annually on slip and fall hazards?	No = 0, Yes and Documented For All Departments = 2	5		0
10	Safety training/toolbox meetings performed at least monthly for all departments?	No = 0, Yes and Documented For All Departments = 2	5		0
11	Safety Inspections conducted in <u>all</u> departments at least quarterly?	No = 0, Inconsistent=1 Yes and Documented = 2	4		0
12	Do you have a Safety Committee in place?	No =0, Yes, but does not meet monthly = 1, Yes, Monthly meetings held and documented = 2 NA (City with Less Than 10 Full Time Employees) = 2	5		0
13	Accident Investigations performed on <u>all</u> injuries to determine accident prevention methods in the future?	No = 0, Accident Investigation Form Completed = 1, Corrective Actions Noted on Form = 2 N/A (No Claims) = 2	5		0
14	Do you have Injury Reporting Guidelines developed?	No = 0, Yes, Guidelines Written = 1, Yes and Communicated to all employees on an annual basis = 2	2		0
15	Do you use a designated medical provider?	No = 0, Inconsistent = 1, Consistent = 2	2		0
16	Return to Work program in place?	No = 0, Inconsistent = 1, Formal policy written and consistently applied =2	4		0
17	Pre-employment and Post-Accident Drug and Alcohol testing performed?	No = 0, Pre-Employment = 1, Post Accident = 1, Pre and Post = 2	3		0
18	Do you require employees to participate in <u>formalized</u> stretching or conditioning programs on a regular basis?	No = 0, Inconsistent=1, Fire and Police Only = 2 3= Annual Agility Testing or Similar Evaluation for Fire & Police Depts.	2		0
19	Are you performing post-offer physicals or FCE's on all employees?	No = 0, Physicals Only=1 Yes performed FCE's on all employees = 2 KMIT POET Program = 3	6		0
<b>Total</b>					<b>0</b>

	PERFORMANCE	Any points received on performance items will be DEDUCTED from the total		
20	2017 Limited Loss Ratio	40% or below = 0, 40.01% - 60% = -1, 60.01% or greater = -2	6	0
21	Experience Modification Rating	Over 1.26 = -2, 1.01 - 1.25 = -1, 1.0 and Below = 0	6	0
<b>Total</b>				<b>0</b>

\*W/F = Weighting Factor

The following describes the requirements for 2018 Certification:

Rating	Discount	Scoring Total
Bronze	1%	90-104 points
Silver	3%	105-124 points
Gold	5%	125 and above

**For Program Templates and Training Materials Visit KMIT.net**

Comments:

---



---

Safety Coordinator: \_\_\_\_\_ Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Claims Coordinator: \_\_\_\_\_ Phone: \_\_\_\_\_ Email: \_\_\_\_\_

**Kansas Municipal Insurance Trust**  
**Coverage Renewal: Excess Workers' Compensation**  
**Quote Comparison**

							Quote
	Terms	2013 Policy	2014 Policy	2015 Policy	2016 Policy	2017 Policy	2018 Policy
1	Policy Term	1/1/13-14	1/1/14-15	1/1/15-16	1/1/16-17	1/1/17-18	1/1/18-19
2	Coverage	Excess Workers' Compensation	Excess Workers' Compensation	Excess Workers' Compensation	Excess Workers' Compensation	Excess Workers' Compensation	Excess Workers' Compensation
3	Excess Carrier	Safety National	Safety National	Safety National	Safety National	Safety National	Safety National
4	<b>SIR\Loss Limitation</b>	<b>\$750,000</b>	<b>\$750,000</b>	<b>\$750,000</b>	<b>\$750,000</b>	<b>\$750,000</b>	<b>\$750,000</b>
5	Specific Excess Limit	Statutory	Statutory	Statutory	Statutory	Statutory	Statutory
6	Employers Liability Limit	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
7	Estimated Annual Payroll	\$162,969,573	\$183,457,567	\$198,471,155	\$207,045,277	\$207,655,337	\$219,489,071
8	Estimated Term Fund Premium	\$4,701,976	\$5,648,515	\$5,369,916	\$5,300,283	\$4,823,008	\$4,961,669
9	<b>Deposit Premium</b>	<b>\$374,830</b>	<b>\$421,952</b>	<b>\$479,308</b>	<b>\$474,962</b>	<b>\$476,361</b>	<b>\$503,508</b>
10	Term Minimum Premium	\$356,089	\$400,854	\$455,343	\$451,214	\$476,361	\$478,333
11	Premium Rate (per \$100 Payroll)	\$0.2300	\$0.2300	\$0.2415	\$0.2294	\$0.2294	\$0.2294
12	percentage change	5.02%	0.00%	5.00%	-5.01%	0.00%	0.00%
13	Percent of Fund Premium	7.97%	7.47%	8.93%	8.96%	9.88%	10.15%
14	<b>Estimated Loss Fund/Aggregate</b>	<b>\$5,736,529</b>	<b>\$6,457,706</b>	<b>\$6,986,185</b>	<b>\$7,287,994</b>	<b>\$7,309,468</b>	<b>\$7,726,015</b>
15	Percent of Fund Premium	122%	114%	130%	138%	152%	156%
16	Minimum Term Loss Fund/Agg.	\$5,449,703	\$6,134,821	\$6,636,876	\$6,923,594	\$6,943,995	\$7,339,714
17	Loss Fund Per \$100 of Payroll	\$3.520	\$3.520	\$3.520	\$3.520	\$3.520	\$3.520
18	Aggregate Excess Limit	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000
19	Aggregate Loss Limit	SIR	SIR	SIR	SIR	SIR	SIR
20	Commission %	0%	0%	0%	0%	0%	0%
21	AM Best Rating	A X	A X	A+ XII	A+ XII	A+ XII	A+ XIV

*Note: Potential differences in coverage and underwriting criteria not compared herein. Figures for all policy years shown above reflect renewal quote from carrier based on preliminary premium and exposure estimates and do not reflect any changes made prior to final invoicing and policy issuance.*

**Kansas Municipal Insurance Trust**  
**Coverage Renewal: Trustees E&O Insurance for Self Insured Funds**  
**Quote Comparison**

							<b>2018 Quote Options</b>	
	<b>Terms</b>	<b>2012/13 Policy</b>	<b>2014 Policy</b>	<b>2015 Policy</b>	<b>2016 Policy</b>	<b>2017 Policy</b>	<b>\$3M Limit</b>	<b>\$4M Limit</b>
1	Policy Term	9/10/12-1/1/14	1/1/14-15	1/1/15-16	1/1/16-17	1/1/17-18	1/1/18-19	1/1/18-19
2	Coverage	Trustees E&O for Self Insured Funds	Trustees E&O for Self Insured Funds	Trustees E&O for Self Insured Funds	Trustees E&O for Self Insured Funds	Trustees E&O for Self Insured Funds	Trustees E&O for Self Insured Funds	Trustees E&O for Self Insured Funds
3	Carrier	Lloyd's of London	Lloyd's of London	Lloyd's of London	Lloyd's of London	Lloyd's of London	Lloyd's of London	Lloyd's of London
4	Policy Form	Claims Made	Claims Made	Claims Made	Claims Made	Claims Made	Claims Made	Claims Made
5	Retroactive Date	9/10/2004	9/10/2004	9/10/2004	9/10/2004	9/10/2004	9/10/2004	9/10/2004
6	<b>Limits of Liability:</b>							
7	Per Claim	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$4,000,000
8	Aggregate	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$4,000,000
9	<b>Deductible:</b>							
10	Per Claim	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
11	Aggregate	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
12	Premium	\$19,032.00	\$14,553.00	\$14,780.00	\$15,066.00	\$15,037.00	\$15,037.00	\$16,963.00
13	TRIA/ Terrorism	Declined	Declined	Declined	Declined	Declined	Declined	Declined
14	Fees	\$500.00	\$500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
15	Surplus Lines Tax	\$1,171.92	\$903.18	\$886.80	\$903.96	\$902.22	\$902.22	\$1,017.78
16	<b>Total Premium</b>	<b>\$20,703.92</b>	<b>\$15,956.18</b>	<b>\$15,666.80</b>	<b>\$15,969.96</b>	<b>\$15,939.22</b>	<b>\$ 15,939.22</b>	<b>\$ 17,980.78</b>

# PROFESSIONAL SERVICES CONTRACT

This contract for professional services is entered into by and between Kansas Municipal Utilities, 2090 East Avenue A, McPherson, Kansas 67460 (hereinafter referred to as "KMU") and the Kansas Municipal Insurance Trust, 2250 N. Rock Rd, Ste. 118-PMB302, Wichita, KS 67226 (hereinafter referred to as "KMIT").

NOW, in consideration of the mutual undertakings and agreements hereinafter set forth, KMU and KMIT agree as follows:

**Scope of Services:** KMU agrees to provide administrative and communications assistance and services, to KMIT, as directed by the KMIT Pool Administrator, as follows:

1. KMU will provide 12 hours per week (average) of a KMU Administrative Assistant to provide a variety of potential services, including, but not necessarily limited to:
  - Establish and maintain a KMIT-only digital filing system. The filing system would include key KMIT documents and correspondence, including important email communications. (Does not include technical insurance data, or any information considered private by HIPAA, or proprietary business information maintained by CORnerstone, TRISTAR and others.)
  - Assist in the KMIT purchase of a laptop and external hard drive. KMIT documents, correspondence and files will reside on both the laptop and external hard drive owned by KMIT. In addition, the filing system will be backed up utilizing a cloud-based storage service such as Google Drive or Dropbox. The cost of computer equipment and cloud subscriptions is outside the scope of this agreement.
  - Assist KMIT staff in keeping the organization's website current and updated, as appropriate.
  - Assist KMIT staff in organizing workshops and other meetings, including meal and lodging arrangements.
  - Assist in maintaining various KMIT electronic and physical mailing lists.
2. KMU will provide up to 8 hours per month of a KMU Communications Specialist to provide various services, including, but not necessarily limited to:
  - Provided content by KMIT staff, publish an electronic newsletter for the KMIT membership.
  - Develop meeting and training event brochures and/or promotional materials.
  - Assist in graphical design requests, such as templates for PowerPoint presentations, etc.
3. As part of the agreement, KMU will extend the following additional benefits to KMIT:
  - Complimentary associate membership (\$450 value)
  - Complimentary silver sponsorship of KMU annual conference (\$1,750 value), excluding conference exhibit booth.
  - Complimentary conference registration for one KMIT staff person.



- Use of the KMU logo for mutual benefit, when approved by both the KMU Executive Director and the KMIT Pool Administrator.

**Compensation:** During the period covered by this contract, KMIT agrees to pay KMU a fee of \$25,000 for the services provided. KMU will bill KMIT on a monthly basis.

**Independent Contractor:** KMU accepts full responsibility for payment of unemployment insurance, workers compensation, social security, income tax deductions and any other taxes or payroll deductions required by law for its employees engaged in work authorized by this contract.

**Hold Harmless:** Each party shall hold harmless, and indemnify the other party and its directors, officers, agents and employees against any and all loss, liability, damage, or expense, including any direct, indirect or consequential loss, liability, damage, or expense, but not including attorneys' fees unless awarded by a court of competent jurisdiction. However, neither party shall be indemnified hereunder for any loss, liability, damage, or expense resulting from its sole negligence or willful misconduct. Notwithstanding the indemnity provisions contained herein, except for a party's willful misconduct or negligence.

**Force Majeure:** Neither party shall be held liable if the failure to perform under this contract arises out of causes beyond the control of either organization including war, riots, fire, flood, hurricane, tornado, earthquake, lightning, explosion, strikes, lockouts, slowdowns, prolonged shortages of supplies, and acts of state or governmental action prohibiting or impeding any party from performing its respective obligations under the contract.

**Assignment:** KMU shall not assign, convey, encumber, or otherwise transfer its rights or duties under this contract without the prior written consent of KMIT.

**Term of Agreement:** The term of the agreement shall be for the period beginning January 1, 2018 through December 31, 2018.

**Termination of Agreement:** In the event that either party elects to terminate this contract, the terminating party must provide written notice to the other party at least 60 days prior to the termination date.

**Modification:** This contract shall be modified only by the written agreement and approval of both parties. No alteration or variation of the terms and conditions of the contract shall be valid unless made in writing and signed by the parties. Every amendment shall specify the date on which its provisions shall be effective.

This contract memorializes all elements of this agreement and both incorporates and supersedes any previous agreements or negotiations, whether oral or in writing, with respect to the subject matter hereof and cannot be amended, modified, or supplemented in any respect except by a subsequent written agreement entered into by both parties.

IN WITNESS WHEREOF, the parties hereto execute this contract on the 15<sup>th</sup> day of December, 2017

KANSAS MUNICIPAL UTILITIES (KMU)

KANSAS MUNICIPAL INSURANCE TRUST (KMIT)

BY: \_\_\_\_\_

BY: \_\_\_\_\_

Colin Hansen, Executive Director

Don Osenbaugh, Pool Administrator

DRAFT

# 2018 KMIT Operating Budget\*

	2015 Actual <sup>[5]</sup>	2016 Budget	2016 Actual <sup>[5]</sup>	2017 Budget	2017 YE Est	2018 Proposed
<b>REVENUES</b>						
Premium Payments <sup>[1][3][4]</sup>	5,260,880	5,070,000	4,829,526	5,052,000	4,800,000	4,900,000
Investment Income	128,600	130,000	160,374	130,000	160,000	165,000
Other	-	-	-	-	-	-
<b>Total Revenues</b>	<b>5,389,480</b>	<b>5,200,000</b>	<b>4,989,900</b>	<b>5,182,000</b>	<b>4,960,000</b>	<b>5,065,000</b>
<b>ADMINISTRATIVE EXPENSES</b>						
<b>Operational</b>						
Meetings and Travel	19,897	20,000	22,598	20,000	23,000	23,000
Commissions to Independent Agents	97,527	92,000	90,158	95,000	100,000	100,000
Directors and Officers (E&O) Insurance/Theft Insurance	15,667	16,000	15,970	17,000	17,000	19,000
Other Marketing, Contingency, Outside Legal Expense, etc.	404	2,000	966	2,000	1,000	1,000
Bank Fees	5,998	8,000	5,433	8,000	6,000	6,000
Office Supplies, Web Services, Misc.	7,329	9,000	8,372	9,000	9,000	9,000
Miscellaneous Expense and Cancellation Expense (rounding)	3,514	6,000	28,450	6,000	28,000	28,000
<b>Operational Sub Total</b>	<b>150,336</b>	<b>153,000</b>	<b>171,947</b>	<b>157,000</b>	<b>184,000</b>	<b>186,000</b>
<b>Contractual</b>						
Pool Administrator Contract (Osenbaugh)	98,560	100,000	99,360	102,000	102,000	105,000
Endorsement/Services Contract (LKM)	70,000	70,000	70,000	70,000	70,000	32,500
Risk Mgt, Administrative, and Claims Mgt Serv's (IMA/CORnerstone)	530,000	550,000	550,000	570,000	570,000	-
Insurance Management Services Contract (CORnerstone/IMA)	-	-	-	-	-	370,000
TPA Services Contract (TRISTAR)	-	-	-	-	-	216,500
Administrative Services Contract (KMU)	-	-	-	-	-	25,000
Payroll Audits (Legacy)	19,923	20,000	19,954	21,000	21,000	21,000
NCCI Membership/Rating Fee and Financial Audit (SS&C)	14,557	27,000	39,105	27,000	40,000	40,000
Actuarial Study (Milliman)	14,500	15,000	15,000	15,000	15,000	15,000
POET Testing (Bardavon)	7,425	10,000	10,513	12,000	13,000	15,000
Bardavon Network	14,651	24,000	27,647	15,000	15,000	15,000
<b>Contractual Sub Total</b>	<b>769,615</b>	<b>816,000</b>	<b>831,579</b>	<b>832,000</b>	<b>846,000</b>	<b>855,000</b>
<b>Regulatory</b>						
State Fees and Assessments (KID and KDOL)	190,117	250,000	200,397	250,000	230,000	230,000
<b>Regulatory Sub Total</b>	<b>190,117</b>	<b>250,000</b>	<b>200,397</b>	<b>250,000</b>	<b>230,000</b>	<b>230,000</b>
<b>Total Administrative Expenses</b>	<b>1,110,068</b>	<b>1,219,000</b>	<b>1,203,923</b>	<b>1,239,000</b>	<b>1,260,000</b>	<b>1,271,000</b>
<b>Excess Insurance Expense</b>	<b>459,126</b>	<b>480,000</b>	<b>451,042</b>	<b>480,000</b>	<b>480,000</b>	<b>480,000</b>
<b>ESTIMATED AVAILABLE FOR CLAIMS</b>	<b>3,820,286</b>	<b>3,501,000</b>	<b>3,334,935</b>	<b>3,463,000</b>	<b>3,220,000</b>	<b>3,314,000</b>
	<b>2015 Actual <sup>[5]</sup></b>	<b>2016 Budget</b>	<b>2016 Actual <sup>[5]</sup></b>	<b>2017 Budget</b>	<b>2017 YE Est</b>	<b>2018 Proposed</b>
Year-End Cash	13,749,674		14,766,484		15,400,000	
Year-End Net Worth	5,676,332		5,975,000		6,100,000	
	<b>2015 Actual<sup>[5]</sup></b>	<b>2016 Budget</b>	<b>2016 Actual<sup>[5]</sup></b>	<b>2017 Budget</b>	<b>2017 YE Est</b>	<b>2018 Proposed</b>
Administrative Expenses / Revenue <sup>[2]</sup>	20.6%	23.4%	24.1%	23.9%	25.4%	25.1%
Available for Claims / Revenue	70.9%	67.3%	66.8%	66.8%	64.9%	65.4%
Administrative + Excess Insurance / Revenue	29.1%	32.7%	33.2%	33.2%	35.1%	34.6%

<sup>[1]</sup> Final premium is determined via the annual financial audit. FY 2017 will be audited in early 2018, therefore 2017 Est YE is pre-audit.

<sup>[2]</sup> Must **not exceed 30%** (by state regulation). Excess coverage premium is interpreted by KID NOT to be an administrative expense.

<sup>[3]</sup> Projected audit difference for 2017 premium is estimated at **(\$252,000)**.

<sup>[4]</sup> 2018 premium is estimated, as billed in early December, 2017.

<sup>[5]</sup> Actuals are audited figures (2015 and 2016)

\*as proposed in Haysville, 12/15/17

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

# KANSAS MUNICIPAL INSURANCE TRUST

## Board of Trustees Minutes from August 25, 2017--McPherson, KS

*Approved in Wichita (Hyatt Hotel), on September 17, 2017*

**Meeting Convened:** Friday, August 25, 2017, at Kansas Municipal Utilities (KMU), in McPherson, KS. The meeting was called to order by KMIT Vice President Randy Frazer at 9:00 AM.

**Attendees:** *Board Trustees Present:* Vice President Randy Frazer (Moundridge), Immediate Past President Tim Hardy (Elkhart), Treasurer David Dillner (El Dorado), Carey Steier (Pittsburg), Michael Webb (Edwardsville), Keith Schlaegel (Stockton) and Ty Lasher (Bel Aire). *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:* Jason Shultz (TRISTAR).

**Trustees Absent From Meeting:** President Debbie Price (Marysville), Kerry Rozman (Clay Center), Janie Cox (Haysville) and Michael Reagle (Garden City).

**Minutes: June 24, 2017, Pittsburg:** Motion to approve by Dillner; seconded by Schlaegel. Approved unanimously.

### **Financial Reports:**

- 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

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

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

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

1. Claim #20016073786 (Atchison)
2. Claim #17679696 (Garden City)
3. Claim #17677886 (Larned). This claim involved an injury sustained by a city volunteer firefighter who was helping to operate a city-sponsored fireworks display.

Jason Shultz (TRISTAR Regional VP) offered up some thoughts following Miller's presentation. The changeover to the TRISTAR software and claims management system started on July 1. The new numbering of claims (see #'s 2 and 3 above) is one reflection of the change.

Also, there was a lengthy discussion about fireworks injuries by city employees, specifically about volunteer firefighters. It was agreed that staff would do some research on the subject.

**Loss Control Activities:** Rhodes gave a comprehensive report, which included plans to enhance reporting by utilizing additional longitudinal analysis.



**CORnerstone Contract:** Cornejo presented the proposed one-time, THREE-year contract (2018-2020). The contract contained some 'cleanup' language (including employee fidelity coverage and other items), and called for a 3% annual adjustment. The (current) 2017 contract is \$360,000 (after adjustment for the TPA portion being moved over to TRISTAR during this year). The proposed annual contract amounts for years 2018, 2019 and 2020 are: \$370,000; \$381,000; \$392,500.

The next CORnerstone contract proposal will come in August 2020, and will call for a two-year contract for calendar years 2021 and 2022.

The Board unanimously approved the proposed contract, following a motion by Dillner and a second by Hardy. The motion included giving the authority to Osenbaugh to finalize and sign the contract.

**TRISTAR Contract:** Shultz outlined the features to be included in the two-year TRISTAR contract (2018-2019). The contract amount will include annual 3% adjustments. The 2017 amount is \$210,000. The contract amounts for 2018 and 2019 are \$216,300 and \$222,789.

The Board unanimously approved the proposed contract, following a motion by Webb and a second by Dillner. The motion included giving the authority to Osenbaugh to finalize and sign the contract.

The next TRISTAR contract proposal will come to the Board in August 2019, and will call for a two-year contract, 2020-2021.

**Nomination Committee Report:** Chairperson Dillner presented the report. Motion to accept the report made by Webb; second by Lasher. Unanimously approved.

**Advisory Board Proposal:** Osenbaugh presented a plan to establish a KMIT Advisory Board. Motion to approve the proposal made by Dillner; seconded by Schlaegel. Approved unanimously.

**Osenbaugh Contract Revision/Extension:** Osenbaugh presented a final version of the pool administrator contract amendment first approved by the Board, in concept, in June (Pittsburg). Motion to approve the final version unanimously approved following a motion by Dillner and second by Schlaegel. The pool administrator contract is thus extended to run through 12/31/20.

**Other Business:** In addition to some comments about background documents in the packets, Osenbaugh reported on the following items--

- 1) Osenbaugh and the TRISTAR group had a team meeting in Overland Park on July 27;
- 2) Osenbaugh and the CORnerstone/IMA group had a team meeting at WSU on August 10;
- 3) Ryan Box is the new Commerce investment advisor for KMIT;
- 4) POET update--over 20% of all incoming employees in KMIT will now be POET tested;
- 5) Reviewed 2018 Board and training schedules;
- 6) Annual meeting details;
- 7) By-Laws amendment letters went out before the 30-day deadline, and an email blast was also sent to all city managers of KMIT cities;

8) A renewal change is being made. KMIT will now be estimating payroll, with cities being given the option of changing any payroll line item. The timeframe has been shortened, with a definitive default date for the KMIT est.

**Adjournment:** Motion to adjourn by Schlaegel; second by Dillner. Unanimous. Adjourned at 11:48 AM.

*Don Osenbaugh 9/18/17*

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

# **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 7--Topeka (after annual meeting)

Friday, December 7--Wichita (IMA)

\*Supervisor Seminar in Dodge City on 4/26

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



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

*Effective Date: January 1, 2018*

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

## **ARTICLE 1. Authority.**

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

## **ARTICLE 2. Definitions.**

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

- 2.1 Act. The Kansas Municipal Group-Funded Pool Act, K.S.A. 12-2616, et seq., as amended from time to time.
- 2.2 Administrator. An individual or firm contracted by the KMIT Board of Trustees.
- 2.3 Agreement. The By-Laws and Interlocal Cooperation Agreement for the Kansas Municipal Insurance Trust.
- 2.4 Board of Trustees or Board. The Board of Trustees of the Trust.
- 2.5 By-Laws. The By-Laws and Interlocal Cooperation Agreement for the Kansas Municipal Insurance Trust.
- 2.6 Contributions. Amounts paid by members to receive the benefits of the Trust.
- 2.7 Member. A Kansas municipality which adopts this Agreement and becomes a member of the Trust.
- 2.8 Municipality. Any Kansas municipality (as defined by K.S.A 75-6102), and the

League of Kansas Municipalities.

2.9 Pool. The Kansas Municipal Insurance Trust.

2.10 Trust. The Kansas Municipal Insurance Trust.

2.11 Trustee. A person serving on the Board.

### **ARTICLE 3. Purposes.**

3.1 The purposes of this Agreement are to:

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

### **ARTICLE 4. Creation of Trust.**

- 4.1 There is hereby created the Kansas Municipal Insurance Trust as a separate legal public entity, constituting an interlocal governmental agency as provided by law. The Trust shall continue in effect until dissolved in accordance with this Agreement.
- 4.2 The Trust is formed, financed, organized, and shall operate in accordance with the provisions of this Agreement. This Agreement constitutes the by-laws of the Trust.
- 4.3 The Trust may sue and be sued.
- 4.4 In accordance with the provisions of the Interlocal Cooperation Act, this Agreement shall be submitted to the Attorney General to determine whether it is in proper form and compatible with the laws of Kansas, and to such other state officers encompassed by this Agreement, as may be required by the Interlocal Cooperation Act or other laws of this state, and to the Commissioner of Insurance as part of the application and certification process to establish a group-funded Pool under the Act. Any municipality which enters into this Agreement shall file a copy of the Agreement with its Register of Deeds and with the Secretary of State, in accordance with the

provisions of K.S.A. 12-2905, and amendments thereto.

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

#### **ARTICLE 5. Members.**

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

#### **ARTICLE 6. Board of Trustees.**

- 6.1 The Board shall be composed of eleven persons elected by the members, each of whom shall be a representative of a different member.
- 6.2 The Administrator or designee shall attend all meetings of the Board of Trustees.
- 6.3 Election of Trustees shall take place at the annual meeting of the members. Trustees shall assume office at the first Board meeting following their election.
- 6.4 Terms of the Trustees shall be two-year overlapping terms or until their successors are elected except that, of the Trustees first elected pursuant to Section 6.1, six will be elected to serve until the first Board meeting following the annual meeting of the members held during 1995; and five will be elected to serve until the first Board meeting following the annual meeting of the members held during 1996. No person shall serve as a Trustee more than three consecutive two-year terms. However, this term limitation shall not include the initial term of office (January 1994 through October 1994).
- 6.5 A vacancy shall occur on the Board when a Trustee:
  - a. Submits a written resignation to the Board.
  - b. Dies.

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

#### **ARTICLE 7. Officers, meetings, procedures.**

- 7.1 The officers of the Board shall be: president, vice-president, and treasurer. The Board shall establish the powers and duties of each officer, consistent with this Agreement. The vice-president may exercise the powers of the president in the absence of the president. Officers shall be elected by and from the Trustees, at the first Board meeting following each annual meeting of the members.
- 7.2 The Administrator shall serve as Secretary of the Board.
- 7.3 The Board shall fix the date, time and place of regular meetings, which may be held without further notice. Special meetings may be called by the President or by any six Trustees, by digital notice of at least two business days, executed through and by the Administrator. Special meetings may be via phone conference.
- 7.4 Six Trustees shall constitute a quorum to do business. All acts of the Board shall require a quorum and a majority vote of the Trustees present, except where a different vote is required by this Agreement.

- 7.5 The Board shall adopt such procedures as it deems necessary or desirable for the conduct of its business.
- 7.6 Any action of the Board may be taken without a meeting if a consent in writing setting forth the action so taken is signed by all Trustees. Such consent shall have the same effect as a unanimous vote. The consent may be executed in counterparts.

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

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

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

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

- a. Perform all duties required by the Act.
- b. Obtain and provide to members annually an audit of the finances of the Trust performed by an independent certified public accountant.
- c. Provide for monthly financial statements to account for income, expenses, assets and liabilities of the Trust.

- d. Provide at least annually for an actuarial review of the Trust.
  - e. Adopt a budget annually and report the budget to the members.
  - f. Require that fidelity bonds be in effect for every person having access to moneys of the Trust.
- 8.4 The Trustees shall not extend credit to individual members for any purpose.

#### **ARTICLE 9. Financing.**

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

#### **ARTICLE 10. Members' powers and meetings.**

- 10.1 The members shall have the power to:
- a. Elect Trustees pursuant to Article 6.
  - b. Remove any Trustee from the Board by a two-thirds vote of the membership

present at a meeting or by an affirmative vote of two-thirds vote of the membership by a mail ballot.

- c. Dissolve the Trust by a two-thirds vote of the membership present at a meeting or by an affirmative vote of two-thirds vote of the membership by a mail ballot.
  - d. Amend the Agreement by an affirmative vote of two-thirds vote of the membership present at a meeting or by an affirmative vote of two-thirds vote of the membership by a mail ballot. Written notice of any proposed amendment shall be provided to each member at least thirty days in advance of the vote thereon.
- 10.2 Members shall meet at least once annually in conjunction with the annual meeting of the League of Kansas Municipalities. Special meetings of the General Membership may be called by the Board or pursuant to a procedure to be established by the Board. A special meeting shall be called upon written request executed by at least thirty percent (30%) of the membership.
- a. Notice of any member meeting shall be mailed by the Administrator to each member at least fifteen days in advance.
  - b. The president of the Board shall preside at the meeting.
  - c. Fifty-one percent of the membership or 15 members present at a meeting shall constitute a quorum to conduct business.
  - d. Proxy voting shall not be allowed.
  - e. Each member shall be entitled to one vote, to be cast by its representative.
  - f. The location of meetings of members will be as determined from time to time by the Board.

## **ARTICLE 11. Obligations of Members.**

### **11.1 Members shall have the obligation to:**

- a. Pay promptly all contributions and other payments to the Trust at such times and in such amounts as shall be established in accordance with this Agreement, including any interest and penalties for late payment as may be required by a policy adopted by the Board.
- b. Recognize/observe that each member shall have only one vote at any meeting of the General Membership. If needed, the Administrator shall provide ONE



written ballot for each member, and that ballot must be signed by an official of the member city in order to be valid. Written balloting may be waived by an overwhelming show of hands on any given question, as determined by the President.

- c. Allow the Trust and its Administrator, agents, contractors, employees and officers reasonable access to all facilities of the member and all records required for the administration of the Trust and implementation of this Agreement.
  - d. Cooperate fully with the Trust's attorneys and Administrator, and any other agent, contractor, employee or officer of the Trust in activities relating to the purposes and powers of the Trust.
  - e. Provide information requested by the Trust, its Administrator, and any other agent, contractor, employee or officer of the Trust, as reasonably required for the administration of the Trust.
  - f. Allow the Trust, and attorneys and others designated by the Trust, to represent the member in the investigation, settlement and litigation of any claim within the scope of loss protection furnished by or through the Trust.
  - g. Follow the claims, loss reduction and prevention, and risk management policies and procedures established by the Board. The Trust does not assume any duty the member may have to provide safe facilities, equipment, machinery, or operational procedures for its employees or the public.
  - h. Report to the Trust, in the form and within the time required by the Board, all incidents or occurrences which could reasonably be expected to result in the Trust being required to consider a claim.
  - i. Report to the Trust, in the form and within the time required by the Board, the addition of new programs and facilities or the significant reduction or expansion of existing programs and facilities or other acts.
- 11.2 It shall be the express obligation of every member of the Trust to comply with the workers' compensation laws of the State of Kansas and such laws shall govern the duties of employers and the liabilities to employees of the members of the Trust.

#### **ARTICLE 12. Withdrawal or non-renewal of members.**

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

to a shorter notice period.

- a. In the event that a member chooses to withdraw at a point in the premium (calendar) year other than the renewal date, a “short-rate cancellation” schedule shall be applied. The “short-rate cancellation” amount will be determined by use of the National Council on Compensation Insurance, Inc. (NCCI) Basic Manual (most current edition), under “RULE 3 – RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS” of that manual.
- 12.2 The Board may, at its option, non-renew any member with the Trust on any coverage renewal date by written notice of non-renewal provided by the Administrator no later than 60 days prior to the renewal date.
- 12.3 A withdrawn or non-renewed member shall lose all voting rights upon withdrawal or non-renewal. Any claim of title or interest to any asset of the Trust, and any continuing obligation of the Trust to the member or of the member to the Trust, after the member's withdrawal or non-renewal, shall be consistent with this Agreement, any policy adopted by the Board, any excess insurance or reinsurance policy of the Trust, and the Act.

### **ARTICLE 13. Cancellation of membership.**

- 13.1 The membership in the Trust of a member which fails to make a contribution or any other payment due the Trust shall be automatically canceled on the sixtieth day following the due date, unless time for payment is extended by the Board and payment is made within any extended period. A notice of failure to make a contribution or other payment due the Trust shall be mailed to the member at least thirty (30) days prior to the date of automatic cancellation. A cancellation of membership under this paragraph 13.2 shall not be subject to the provisions of paragraph 13.3.
- 13.2 Membership in the Trust may be canceled for failure to carry out any other obligation of a member, subject to the following:
  - a. The member shall receive notice from the Board of the alleged failure and not less than thirty (30) days in which to cure the alleged failure, along with notice that cancellation of membership could result if the failure is not so cured.
  - b. If the failure is not cured within the time required by the Board's notice or any extension of such time as the Board may grant, the Board may cancel the membership. The member may request a hearing before the Board on the proposed cancellation. The request shall be made in writing to the Administrator at least five days before the end of the period given by the Board

to cure the alleged failure.

- c. If a hearing is timely requested, the Board shall provide the member at least ten days' prior written notice of the time and place of the hearing, and the proposed cancellation may not take effect until such time after the conclusion of any hearing as the Board may set.

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

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

#### **ARTICLE 14. Dissolution and disposition of property.**

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

14.2 Upon partial or complete dissolution of the Trust by the members in accordance with Article 10, the Trustees shall determine, consistent with this Agreement, all other matters relating to the disposition of property and dissolution of the Trust, by a two-thirds vote of all Trustees.

14.3 The Board shall serve as trustees for the disposition of property or funds, payment of obligations, dissolution and winding up of the affairs of the Trust.

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

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

prevent compromises of any such litigation where the compromise is deemed advisable in order to prevent greater expense or cost in the defense or prosecution of such litigation.

#### **ARTICLE 16. General provisions.**

- 16.1 This document constitutes a contract among and between those municipalities which become all the members of the Trust. The terms of this contract may be enforced in court by the Trust or by any of its members.
- 16.2 Except as provided in this Agreement and to the extent of the financial contributions to the Trust agreed to herein or such additional obligations as may come about through amendments to this Agreement, no member agrees or contracts herein to be held responsible for any claims made against any other member. The contracting parties intend in the creation of the Trust to establish an organization to operate only within the scope herein set out and have not herein created as between member and member any relationship of partnership, surety, indemnification, or responsibility for the debts of or claims against any other member, except that, to the extent required by the Act, all members of the Trust shall be jointly liable for the payment of claims to the extent of the assets of the Trust.
- 16.3 The laws of Kansas shall govern the interpretation and performance of this Agreement.
- 16.4 In the event that any portion of this Agreement is held invalid or unenforceable, such invalidity or unenforceability shall not affect other portions, and this Agreement is expressly declared to be severable.
- 16.5 This Agreement does not relieve any member of any obligation or responsibility imposed upon it by law except to the extent that actual and timely performance thereof by the Trust satisfies such obligation or responsibility.
- 16.6 All moneys received by the Trust are public funds, including earned interest, derived from its members which are municipalities within the State of Kansas.
- 16.7 Neither this Agreement nor any action adopting this Agreement is intended to nor does it waive, nor shall it be construed as waiving, any immunity or limitation on liability provided to the members or their officers or employees by any law, including but not limited to any such immunity or limitation appearing in the Kansas Tort Claims Act, and amendments thereto. The laws regarding workers' compensation and the benefits to the employer are reserved and shall not be deemed to have been waived by any action approving this Agreement or by membership in the Trust.

- 16.8 The provisions of this Agreement and of the other documents referred to herein, and the assets of the Trust, are for the benefit of the members of the Trust only, and no other persons or entities shall have any rights or interest in this Agreement or in any of the other documents referred to herein or in any such assets, as a third party beneficiary or otherwise. The assets of the Trust shall not be subject to attachment, garnishment, or any equitable proceeding.
- 16.9 It is the intention of the members that the Trust and any income of the Trust not be subject to taxation, and the members shall cooperate in such respects, including amending this Agreement, as reasonably necessary to establish and maintain the non-taxable status of the Trust.
- 16.9a Except as permitted in this Agreement, and amendments hereto, neither the Board nor any other person or entity is authorized to incur liabilities or obligations or enter into contracts on behalf of the members.
- 16.10 To the extent permitted by any applicable excess insurance or reinsurance, if the Board or its authorized representative and a member disagree on whether a loss is covered through the Trust or on the amount of a covered loss, the Board or its authorized representative or the member may request that the disagreement be submitted to binding arbitration as follows:
- a. Unless otherwise agreed by the Board or its authorized representative and the member, three persons shall be selected for the arbitration panel, one by the Board or its authorized representative, one by the member, and one by the two so selected to act as umpire to decide the items upon which the other two disagree. If the two so selected fail for fifteen days to agree upon the umpire, the dispute of coverage shall be submitted to the American Arbitration Association for arbitration pursuant to their standard rules and regulations.
  - b. The decision of the panel shall be binding on the Board or its authorized representative and the member.
  - c. The Trust shall pay the fees and expenses of the panelist selected by the Board or its authorized representative, the member shall pay the fees and expenses of the panelist selected by it, and the fees and expenses of the umpire shall be shared equally by the Trust and the member.
- 16.11 In the event of the payment of any loss by the Trust under this Agreement, the Trust shall be subrogated to the extent of such payments to all the rights of the member against any other person or other entity legally responsible for damages for such loss, and in such event the member agrees to render all reasonable assistance to effect recovery.

- 16.12 The provisions of the Act are hereby adopted by reference as a part of this Agreement, and any provision of this Agreement in conflict with the Act shall be inapplicable.
- 16.13 This Agreement may be executed in counterparts. The original of each executed Agreement shall be filed with the Trust.
- 16.14 This executed Agreement replaces and supersedes all prior By-Laws for Kansas Municipal Insurance Trust.

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

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

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

Print Name: \_\_\_\_\_

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

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

ATTEST:

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

Print Name: \_\_\_\_\_

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

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

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

# Kansas Municipal Insurance Trust

6021 S.W. 29th Street—PMB 355 Topeka, Kansas 66614 (785) 272-2608



December 7, 2017

## 2017/2018 Board of Trustees

**Randy Frazer**  
*President*  
Moundridge

**David Dillner**  
*Vice President*  
El Dorado

**Kerry Rozman**  
*Treasurer*  
Clay Center

**Tim Hardy**  
*Past President*  
Elkhart

**Keith Schlaegel**  
Stockton

**Ty Lasher**  
Bel Aire

**Michael Reagle**  
Garden City

**Janie Cox**  
Haysville

**Carey Steier**  
Pittsburg

**Michael Webb**  
Edwardsville

**Greg DuMars**  
Lindsborg

**Don Osenbaugh**  
Pool Administrator

Heather R. Steinkamp, APIR  
Director, Property & Casualty Division  
Kansas Insurance Department  
420 SW 9<sup>th</sup>  
Topeka, KS 66612

Dear Ms Steinkamp:

Enclosed is a 'red-line' as well as clean copy of the KMIT's Bylaws and Interlocal Agreement, as approved by KMIT membership at its annual board meeting on September 17, 2017, with an effective date of January 1, 2018.

Should have any questions concerning this matter, please do not hesitate to call me at (785) 272-2608.

Sincerely,

Deanna Furman  
KMIT Office Administrator/Agent  
Enc.





# Kansas Municipal Insurance Trust

6021 S.W. 29th Street—PMB 355 Topeka, Kansas 66614 (785) 272-2608



December 7, 2017

## 2017/2018 Board of Trustees

**Randy Frazer**  
*President*  
Moundridge

**David Dillner**  
*Vice President*  
El Dorado

**Kerry Rozman**  
*Treasurer*  
Clay Center

**Tim Hardy**  
*Past President*  
Elkhart

**Keith Schlaegel**  
Stockton

**Ty Lasher**  
Bel Aire

**Michael Reagle**  
Garden City

**Janie Cox**  
Haysville

**Carey Steier**  
Pittsburg

**Michael Webb**  
Edwardsville

**Greg DuMars**  
Lindsborg

**Don Osenbaugh**  
Pool Administrator

Cheryl Whelan  
Assistant Attorney General  
120 SW 10th  
Topeka, KS 66612-1597

Dear Ms Whelan:

Enclosed is a 'red-line' as well as clean copy of the KMIT's Bylaws and Interlocal Agreement, as approved by KMIT membership at its annual board meeting on September 17, 2017, with an effective date of January 1, 2018.

Should have any questions concerning this matter, please do not hesitate to call me at (785) 272-2608.

Sincerely,

Deanna Furman  
KMIT Office Administrator/Agent  
Enc.

## **AGREEMENT FOR SERVICES**

This Agreement for Services ("Agreement") is made and entered into as of the 25<sup>th</sup> day of August, 2017, 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".

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, which shall become effective 12:01 AM, January 1, 2018 and shall expire and terminate 12:00 AM, January 1, 2021. Upon expiration of the Term of this Agreement, no further Services will be provided by CRS to KMIT. In the event of non-renewal after the initial three year term of this Agreement, KMIT will be responsible for all outstanding service fees.



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 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 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 CRS and will not offset any compensation payable to 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. 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:

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 present certificates of insurance or other evidence of the insurance required by this article upon request of KMIT.

11. 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 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 9/25/17  
Don Osenbaugh  
Pool Administrator

"CRS"

CORnerstone Risk Solutions, LLC

By: Paul J. Davis  
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) 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; 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.



## **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 each annual period, in the sum and amount of:

Year 1 - \$370,000

Year 2 - \$381,000

Year 3 - \$392,500

Each yearly fee shall be due and payable in monthly installments commencing January 1, of each year in 10 equal installments. 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.

# **The LAST PRINTED *Comp Control***

This edition of ***Comp Control*** is the last one which will be printed and mailed out. Starting with the next issue, ***Comp Control*** will become a ***digital-only publication***.

Most of you already read ***Comp Control*** in its digital form, and the method through which the overwhelming majority of 'news' is consumed in 2017. KMIT already continuously collects and maintains/updates many email addresses, mostly just so that we can email-distribute ***Comp Control*** to a very large number of people (now approaching 1,000).

In the last year or so, it has become clear to us at KMIT that the time for the end of the paper version of ***Comp Control*** has come.

Over the years (since KMIT's inception in 1994), ***Comp Control*** has gone through several 'generational' modifications. In the beginning, the KMIT newsletter was published (and printed/snail-mailed) every-other-month, and, in each of the alternating 'other' six months, KMIT published a safety-oriented newsletter called *Teach Tools* (so, we were doing a printing/mailing EVERY month--TWELVE per year).

*Teach Tools* was replaced by ***CitySafe*** in early 2001, and subsequently blended into/combined with ***Comp Control*** in mid-2009, at which time the publication became a quarterly. It was also at that time that KMIT started distributing ***Comp Control*** via email, to *many* more folks, while still continuing to print and mail at least one copy to every KMIT city, and to various other folks important to KMIT (agents, etc.). Times change.

We are now satisfied that the most effective, and efficient, way to periodically share information, stories and ideas with our ever-increasing audience, in 2018 and beyond, is to do it digitally-only. So, no more snail mail.

Please help us out **by sending us any/all email addresses** relevant to your city and its needs. We welcome all such addresses--for city managers, city clerks, HR and finance directors, other office staff, department heads and supervisors, AND, **of course**, your elected officials--**we want to get *Comp Control* to as many of your 'electeds' as possible.** Send them to us, and we'll get 'em on the list!

And, we all know that **email addresses change all the time**, so PLEASE send us your new ones when there ARE new ones (change in staff; following elections, etc.).

A VERY important ongoing goal for KMIT is to keep everyone who is a part of the '**KMIT Family**' absolutely as informed as possible, and to communicate in the best possible way with all of you. And, that is what this updated way of doing ***Comp Control*** is all about.

# KMIT Trustee Terms, 2001 - Present

pos	Name	City	Title	Appointed	Elect 1	Elect 2	Elect 3	Elect 4	term limit date	End Date
1	Gary Meagher	Lindsborg	City Administrator	Jun-98						Aug-98
1	Ron Pickman	Goodland	City Manager	N/A	Oct-98	Oct-00	Oct-02			Oct-04
1	Cheryl Beatty [3]	Eudora	City Manager	N/A	Oct-04	Oct-06	Oct-08			Apr-09
1	Herb Llewellyn	El Dorado	City Manager	Jun-09	Oct-09 [1]	Oct-10	Oct-12			Oct-14
1	<b>David Dillner</b>	<b>El Dorado</b>	<b>City Manager</b>	<b>N/A</b>	<b>Oct-14</b>	<b>Oct-16</b>	<b>Oct-18</b>		Oct-20	
2	Nancy Calkins	Ft. Scott	City Clerk	N/A	Oct-00					May-01
2	Keith DeHaven	Sedgwick	Mayor	Jun-01	Oct-01	Oct-03	Oct-05			Jun-07
2	Sasha Stiles	Andover	City Administrator	N/A	Oct-07	Oct-09	Oct-11			Oct-13
2	Kathy Axelson	Rose Hill	City Administrator	N/A	Oct-13					Mar-14
2	<b>Randy Frazer</b>	<b>Moundridge</b>	<b>City Adm/City Clerk</b>	<b>May-14</b>	<b>Oct-14 [1]</b>	<b>Oct-17</b>	<b>Oct-16</b>	<b>Oct-19</b>	Oct-21	
3	Cherise Tieben	Dodge City	HR Director	Jun-99	Oct-00					Oct-01
3	Larry Kenton	Dodge City	Risk Mgr	Oct-01?	Oct-01*					Apr-02
3	Howard Partington	Great Bend	City Administrator	Apr-02	Oct-02	Oct-04	Oct-06			Oct-08
3	Jane Longmeyer	Dodge City	HR Officer	N/A	Oct-08	Oct-10	Oct-12			Dec-08
3	Daron Hall	Ulysses	City Administrator	Jun-09	Oct-09 [1]	Oct-10				Mar-12
3	<b>Tim Hardy</b>	<b>Elkhart</b>	<b>City Administrator</b>	<b>Jun-12</b>	<b>Oct-12</b>	<b>Oct-14</b>	<b>Oct-16</b>		Oct-18	
4	Mark Arbuthnot	Abilene	City Manager	?	?					Oct-01
4	Carol Eddington	Oswego	Deputy City Clerk	N/A	Oct-01	Oct-03	Oct-05			Oct-07
4	Bobby Busch	Neodesha	City Clerk	N/A	Oct-07	Oct-09	Oct-11			Oct-13
4	Tim Vandall	Ellsworth	City Administrator	N/A	Oct-13					May-15
4	<b>Janie Cox</b>	<b>Haysville</b>	<b>City Clerk</b>	<b>N/A</b>	<b>Oct-15</b>	<b>Oct-17</b>	<b>Oct-19</b>		Oct-21	
5	Paul Sasse	Independence	City Manager	?	?					Oct-01
5	Cheryl Lanoue	Concordia	City Clerk	N/A	Oct-01	Oct-03	Oct-05			Aug-06
5	Sharon Brown	Clay Center	Mayor	N/A	Oct-06 [1]	Oct-07	Oct-09			Apr-11
5	Debbie Price	Marysville	City Clerk	Apr-10	Oct-11	Oct-13	Oct-15			Oct-17
5	<b>Greg DuMars</b>	<b>Lindsborg</b>	<b>City Administrator</b>	<b>N/A</b>	<b>Oct-17</b>	<b>Oct-19</b>	<b>Oct-21</b>		Oct-23	
6	Jane Henry	Derby	Environ/Safety Dir	N/A	Oct-96	Oct-98				May-00
6	Shawne Boyd	Derby	HR Coord	?-00	Oct-00					Oct-02
6	David Alfaro	Augusta	Assist. City Mgr.	N/A	Oct-02	Oct-04				Apr-06
6	Steve Archer	Arkansas City	City Manager	Apr-06	Oct-06	Oct-08	Oct-10			Dec-10
6	Debra Mootz	Roeland Park	City Clerk/DOF	Dec-10	Oct-11 [1]	Oct-12				Aug-14
6	Nathan McCommon	Tonganoxie	City Manager	N/A	Oct-14	Oct-16	Oct-18			Oct-16
6	<b>Mike Webb</b>	<b>Edwardsville</b>	<b>City Manager</b>	<b>N/A</b>	<b>Oct-16</b>	<b>Oct-18</b>	<b>Oct-20</b>		Oct-22	
7	Max Mize	Kingman	Mayor	N/A	Oct-96	Oct-98	Oct-00			Apr-01
7	Gary Hobbie	Russell	City Manager	Jun-01	Oct-01*	Oct-02	Oct-04	Oct-06		Oct-07
7	Larry Paine	Hillsboro	City Administrator	N/A	Oct-07 [1]	Oct-08	Oct-10	Oct-12		Oct-14
7	<b>Kerry Rozman</b>	<b>Clay Center</b>	<b>City Clerk</b>	<b>N/A</b>	<b>Oct-14</b>	<b>Oct-16</b>	<b>Oct-18</b>		Oct-20	
8	Ted Stolfus	Bonner Spgs	Mayor	May-97	Oct-99					Apr-01
8	Nancy Calkins	Mission	City Clerk	Jun-01	Oct-01 [4]	Oct-02				Oct-04
8	Ty Lasher	Cheney	City Administrator	N/A	Oct-04	Oct-06				Jun-07
8	Toby Dougherty	Hays	City Manager	Jun-07	Oct-07 [1]	Oct-08	Oct-10	Oct-12		Oct-11
8	<b>Keith Schlaegel</b>	<b>Stockton</b>	<b>City Manager</b>	<b>N/A</b>	<b>Oct-11 [1]</b>	<b>Oct-12</b>	<b>Oct-14</b>	<b>Oct-16</b>	Oct-18	
9	Carl Myers	Wellington	City Manager	Jul-97	Oct-97	Oct-99				Oct-01
9	Rhonda Schuetz	Hiawatha	City Clerk	N/A	Oct-01	Oct-03				Sep-04
9	Lana McPherson	De Soto	City Clerk	N/A	Oct-04 [1]	Oct-05	Oct-07	Oct-09		Oct-11
9	Clausie Smith	Bonner Spgs	Mayor	N/A	Oct-11	Oct-13	Oct-15			Apr-13
9	Fred Gress	Parsons	City Manager	Apr-13	Oct-13					Aug-14
9	<b>Ty Lasher</b>	<b>Bel Aire</b>	<b>City Manager</b>	<b>N/A</b>	<b>Oct-14 [1]</b>	<b>Oct-15</b>	<b>Oct-17</b>	<b>Oct-19</b>	Oct-21	
10	Tim Richards	Newton	Commissioner	Jul-97	Oct-97					Apr-99
10	Willis Heck	Newton	Mayor	May-99	Oct-99	Oct-01				Oct-03
10	Linda Jones	Osage City	City Clerk	N/A	Oct-03	Oct-05	Oct-07			Oct-09
10	Doug Gerber	Goodland	City Manager	Oct-09	Oct-11	Oct-13				Apr-14
10	Megan Fry	Pittsburg	HR Director	Mar-14	Oct-14 [1]	Oct-15	Oct-17	Oct-19		Jan-15
10	Jay Byers	Pittsburg	Assist. City Mgr.	Mar-15	Oct-15					Mar-16
10	<b>Carey Steier</b>	<b>Pittsburg</b>	<b>HR Mgr.</b>	<b>Mar-16</b>	<b>Oct-17</b>	<b>Oct-17</b>	<b>Oct-19</b>		Oct-21	
11	Jim Beadle	De Soto	Mayor	Jan-94	?					Jan-97
11	Kelly DeMeritt	Atchison	Assist. City Mgr	May-97	Oct-97	Oct-99	Oct-01			Oct-03
11	Bill Powers	Ulysses	City Administrator	N/A	Oct-03					Jan-04
11	Bud Newberry [2]	Derby	City Planner	Jan-04	Oct-04	Oct-05	Oct-07			Oct-09
11	Mac Manning	Peabody	City Adm/Clerk	Oct-09	Oct-11					Dec-12
11	Michelle Stegman	Garden City	HR Director	Jan-13	Oct-13					Apr-15
11	<b>Michael Reagel</b>	<b>Garden City</b>	<b>Police Captain</b>	<b>May-15</b>	<b>Oct-15</b>	<b>Oct-17</b>			Oct-19	

[1] one-year term

[2] appointed to Board while at Elkhart (Jan. '04); moved on to Ulysses in June '04; moved o82 Derby in Dec '07

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

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

# KMIT Advisory Board Members

Steve Archer (retired), KMIT Trustee 2006-2010

Toby Dougherty (Hays), KMIT Trustee 2007-2011

Lana McPherson (De Soto), KMIT Trustee<sup>[1]</sup> 2004-2011

Mac Manning (retired), KMIT Trustee 2009-2012

Bobby Busch (Neodesha), KMIT Trustee<sup>[2]</sup> 2007-2013

Carol Eddington (Oswego), KMIT Trustee<sup>[3]</sup> 2001-2007

Larry Paine (Hillsboro), KMIT Trustee<sup>[4]</sup> 2007-2014

Herb Llewellyn (retired), KMIT Trustee<sup>[5]</sup> 2009-2014

Daron Hall (Pittsburg), KMIT Trustee<sup>[6]</sup> 2009-2012

Jay Byers (Pittsburg), KMIT Trustee 2015-2016

Debbie Price (Marysville), KMIT Trustee<sup>[7]</sup> 2011-2017

<sup>[1]</sup> KMIT President, 2007/2008

<sup>[2]</sup> KMIT President, 2010/2011

<sup>[3]</sup> KMIT President, 2003/2004

<sup>[4]</sup> KMIT President, 2012/2013

<sup>[5]</sup> KMIT President, 2013/2014 (representing El Dorado)

<sup>[6]</sup> KMIT President, 2011/2012 (representing Ulysses)

<sup>[7]</sup> KMIT President, 2016/2017



## Don Osenbaugh

---

**From:** Mike O'Neal [mike.oneal@onealconsulting.org]  
**Sent:** Wednesday, September 20, 2017 11:11 AM  
**To:** Mike O'Neal  
**Cc:** Cindy Luxem; Don Osenbaugh; Don McNeely; poped@marc.org; Doug Hamilton; Reasoner, Ed; jimparrish@kwrcc.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; Mike O'Neal  
**Subject:** Re: Fee Sweep case

Fee Sweep case participants

Yesterday, I received the final check for attorney fee reimbursements! Now waiting on the Court to approve the settlement and file the order of dismissal. KID needs the signed Order and they will begin processing refunds to the Work Comp Fee Fund folks. I'll start sending out attorney fee reimbursement checks next week (heading to STL today for the birth of my first grandchild!) In the meantime, to be on the safe side, would all of you please let me know (1) how to make the check out and (2) verify the street address or P.O. Box you wish the check mailed to. I want to be sure my info is up to date. Once I have the signed Order in hand I still plan to distribute a press release to the major news outlets so hopefully we can get some more anti-fee sweep publicity. Once again, thanks for your patience!

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

> On Jun 27, 2017, at 3:05 PM, Mike O'Neal <mike.oneal@onealconsulting.org> wrote:

>

> 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.

>

**FOR IMMEDIATE RELEASE:**

**SETTLEMENT APPROVED IN LENGTHY FEE SWEEP SUIT  
STATE ACKNOWLEDGES FEE SWEEPS WERE WRONGFUL**

Topeka, Ks., Oct. 18, 2017

Shawnee County Dist. Ct. Judge Franklin R. Theis has approved a settlement in the 7 ½ year litigation over fee sweeps proposed by then Governor Kathleen Sebelius and the Kansas Legislature back in 2009. Gov. Sebelius proposed over \$29 million in sweeps and over \$22 million in fee sweeps were ultimately approved to address budget shortfalls that year.

Included in the fee sweeps were funds collected by the Kansas Insurance Department to operate the Workers' compensation Fee Fund, including payment of certain workers compensation claims. Providers of workers compensation coverage pay annual assessments into the Workers Compensation Fee Fund. As a result of the 2009 fee sweeps, these providers were assessed a second time in the same assessment year to restore funds needed for the Insurance Department to pay claims. Numerous group-funded workers compensation pools sued, challenging the legality of those sweeps. The Kansas Bankers Association and the Kansas Association of Realtors also joined the litigation to challenge sweeps of funds administered by the Kansas Bank Commissioner and the Real Estate Commission, respectively and paid by bankers, regulated lenders and realtors as a part of their licensing fees.

-more-

Plaintiffs' counsel, Mike O'Neal, an attorney at the time with the firm of Gilliland & Hayes, P.A. in Hutchinson, was a member of the Legislature and served as Speaker of the House. He had been a long-term opponent of the practice of governors and legislatures resorting to fee fund sweeps as a means to address budget shortfalls. He opposed the 2009 sweeps and filed a constitutional protest before ultimately filing suit on behalf of the Plaintiffs in January of 2010.

Although the Shawnee Co. District Judge initially dismissed the case, agreeing with the State's position that the Plaintiffs lacked standing, the Plaintiffs prevailed in both the Court of Appeals and then in the Kansas Supreme Court on review. Both appellate courts agreed that the Plaintiffs had standing to sue and the Supreme Court all but signaled that the Plaintiffs would prevail when the case was remanded to District Court, stating that funds received by the State for a particular purpose are to be kept as separate funds and are not to be transferred to the State General Fund, and that any funds wrongfully placed in the State General Fund would constitute a proper charge against the State General Fund.

According to O'Neal, who now operates O'Neal Consulting, LLC in Topeka, the terms of the settlement call for the refund of all funds swept from the Kansas Workers Compensation Fund (\$2.355M), the refund of funds swept from the Bank Commissioner Fee Fund (\$534,517) and the refund of funds swept from the Real Estate Fee Fund (\$195,671). In addition, the Order Approving Settlement Agreement includes the following language:

*"The legislatively-enacted fee sweeps of the Workers' Compensation Fee Fund, the Real Estate Commissioner Fee Fund and the Bank Commissioner Fee Fund, contained within 2009 Senate Substitute for house Bill 2373 (Ch. 144 of the 2009 Session Laws) were wrongful transfers to the State General Fund of Kansas and an improper use of the Kansas Legislature's authority to transfer monies held in state agency fee funds to the State General Fund."*

-more-



The funds necessary to satisfy the terms of the settlement were included in the FY 2018 state budget passed by the 2017 Legislature and signed into law. Those who paid double assessments to the Kansas Insurance Department's Workers Compensation Fee Fund in 2009 will receive full refunds, according to O'Neal.

O'Neal stated: "Although it has taken the parties 7 ½ years to obtain justice, the final approval of this significant settlement, plus acknowledgment of wrongdoing with respect to the 2009 sweeps, is very gratifying. This, along with passage during the 2017 Legislative session of HB 2054, which beefs up statutory law prohibiting such sweeps, should serve as a strong and powerful deterrent, warning future Governors and Legislatures that state sanctioned theft of funds paid in by licensed businesses and private citizens will no longer be tolerated in this state."

**CONTACT:** Mike O'Neal  
Attorney at Law  
O'Neal Consulting, LLC  
800 SW Jackson, Suite 818  
Topeka, KS. 66612  
[mike.oneal@onealconsulting.org](mailto:mike.oneal@onealconsulting.org)  
620-727-0003

###



# O'NEAL CONSULTING, LLC

Legal & Governmental Consulting Services

800 SW Jackson  
Suite 818  
Topeka, KS. 66612  
620-727-000  
mike.oneal@onealconsulting.org

## Fee Sweep Case Participant

Enclosed is a check reimbursing you for attorney fees we show were paid by you during the pendency of this litigation. Let me know at your earliest convenience if this amount is different than your records reflect. Thank you for allowing me to represent you in this matter, and once again, thanks for your patience!

Mike O'Neal

Attorney at Law

O'NEAL CONSULTING LLC  
DBA MICHAEL R O'NEAL ATTY AT LAW  
TRUST ACCOUNT  
800 SW JACKSON ST. SUITE 818  
TOPEKA, KS 66612-1244

40-2/1011  
DATE 10/4/17  
2011

Shield<sup>SM</sup>

COMIT  
PAY TO THE ORDER OF  
Fifty-nine hundred fifty : 59/100  
\$5950<sup>00</sup>

INTRUST Bank  
INTRUST Bank, NA  
Lawrence, KS 66044

MEMO  
fee sweep  
for settlement

48

MP

1011000291 2011 8854543 6



## Don Osenbaugh

---

**From:** Don Osenbaugh [dosenbaugh@cox.net]  
**Sent:** Wednesday, November 22, 2017 9:14 AM  
**To:** 'James W. Parrish'; 'Mike ONeal'  
**Cc:** 'Cindy Luxem'; 'Don McNeely'; 'Dorothy Pope'; 'Doug Hamilton'; 'Reasoner, Ed'; 'Kevin McFarland'; 'lance.cowell@yahoo.com'; 'tcox@krha.org'; 'Kayron Ronni Anderson'; 'Paul Davis'; 'Jeff Siler'; 'lcowell@cisinsurancesolutions.com'; 'John Crowley'; 'dorthabird@kworcc.com'; 'Beth Byrne KWORCC'  
**Subject:** RE: Fee Sweep case

Agree 100%.

DonO  
Don Osenbaugh  
KMIT Pool Administrator  
[www.kmit.net](http://www.kmit.net)  
[dosenbaugh@cox.net](mailto:dosenbaugh@cox.net)  
316-259-3847

-----Original Message-----

**From:** James W. Parrish [<mailto:jamesparrish@kworcc.com>]  
**Sent:** Tuesday, November 21, 2017 7:17 PM  
**To:** 'Mike ONeal'  
**Cc:** Cindy Luxem; Don Osenbaugh; Don McNeely; Dorothy Pope; Doug Hamilton; Reasoner, Ed; Kevin McFarland; [lance.cowell@yahoo.com](mailto:lance.cowell@yahoo.com); [tcox@krha.org](mailto:tcox@krha.org); Kayron Ronni Anderson; Paul Davis; Jeff Siler; [lcowell@cisinsurancesolutions.com](mailto:lcowell@cisinsurancesolutions.com); John Crowley; [dorthabird@kworcc.com](mailto:dorthabird@kworcc.com); Beth Byrne KWORCC  
**Subject:** RE: Fee Sweep case

Mike,  
KWORCC would like to join other Fee Sweep Participants in retaining you to hand the refund process. I ask all parties who are entitled to assessment refunds to join in this effort to keep the recovery costs as low as possible. I will be happy to participate in a conference call, if necessary.

James W. Parrish, Administrator  
Kansas Workers Risk Cooperative for Counties <http://www.kworcc.com>

CONFIDENTIALITY: This e-mail message and any attachment thereto is intended only for the use of the individual or entity to which it is addressed and may contain information that is privileged, confidential and exempt from disclosure under applicable law. If the recipient of this message is not the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this e-mail communication in error, please notify us immediately by sending a reply e-mail message to the sender. This email and all communication between James W. Parrish, attorney at law, and the intended recipient hereof is privileged attorney-client communication.

-----Original Message-----

**From:** Mike ONeal [<mailto:mike.oneal@onealconsulting.org>]  
**Sent:** Tuesday, November 21, 2017 4:08 PM  
**To:** Mike ONeal <[mike.oneal@onealconsulting.org](mailto:mike.oneal@onealconsulting.org)>

Cc: Cindy Luxem <[cluxem@khca.org](mailto:cluxem@khca.org)>; Don Osenbaugh <[dosenbaugh@cox.net](mailto:dosenbaugh@cox.net)>; Don McNeely <[dmcneely@kansasdealers.org](mailto:dmcneely@kansasdealers.org)>; Dorothy Pope <[poped@marc.org](mailto:poped@marc.org)>; Doug Hamilton <[doug@kbig.biz](mailto:doug@kbig.biz)>; Reasoner, Ed <[ereasoner@thomasmcgee.com](mailto:ereasoner@thomasmcgee.com)>; James Parrish <[jwp@parrishhotels.com](mailto:jwp@parrishhotels.com)>; Kevin McFarland <[kevin@leadingagekansas.org](mailto:kevin@leadingagekansas.org)>; [lance.cowell@yahoo.com](mailto:lance.cowell@yahoo.com); [tcov@krha.org](mailto:tcov@krha.org); Kayron Ronni Anderson <[kanderson@khsc.org](mailto:kanderson@khsc.org)>; Paul Davis <[paul.davis@corisksol.com](mailto:paul.davis@corisksol.com)>; Jeff Siler <[jsiler@krha.org](mailto:jsiler@krha.org)>; [lcowell@cisinsurancesolutions.com](mailto:lcowell@cisinsurancesolutions.com); John Crowley <[jcrowley@mwbc.com](mailto:jcrowley@mwbc.com)>  
Subject: Re: Fee Sweep case

Work Comp Fund fee sweep participants

I am having an issue with the attorney in charge of the assessment refunds at the Kansas Insurance Dept. She has recently sent me a spreadsheet showing reimbursements representing something less than 50 cents on the dollar for the FY '10 assessment. She is using a formula to figure refunds. I have let her know that we are expecting 100% refunds and even have issues with assessments in FY '11 and '12. Here's my question. You all are paid up for representation through the settlement approval. Are you all ok with me handling this assessment refund issue with the Insurance Department? I don't feel comfortable assuming I have that authority presently. I have incurred time and it appears I will continue to incur time depending on how far you wish to pursue this. I would propose the same arrangement as before (% based on level of assessment) with the exception that some of the parties (Bankers, supervised lenders and Realtors are now out). Should I schedule a conference call to discuss? I know the assessment amounts weren't the prime objective but now that we have succeeded in getting the money returned to KID it seems that at the least you should get 100% of the FY '10 assessment refunded. I'm willing to pursue this for any or all. Let me know.

I'd send you her spreadsheet except it used the wrong assessment year so it would only confuse. Like I said, she proposes just short of a 50% refund for FY '10.

Happy Thanksgiving, in case I don't hear from you before the Holiday.

Mike ONeal  
Attorney at Law  
O'Neal Consulting, LLC  
[mike.oneal@onealconsulting.org](mailto:mike.oneal@onealconsulting.org)



Mike,

On behalf of KMIT, I put my whole-hearted-support vote in for returning to this fight.

As our group stated on many occasions throughout this needlessly-long ordeal, even though the money was (and IS) a big deal, it was never more about the money than it was about the principle, the precedent, and the LAW.

Frankly, had the State chosen to try to make a 'deal' with us by leading with (admitting wrong-doing) the principle and compromising on the money along the way, who knows what outcome might have resulted.

But, the hang-up with the State was always about wanting to deny the fact that what they did was WRONG, and should never be repeated.

Instead, the State pursued an absurd and irrational EIGHT-YEAR battle with us to keep from having to admit that they literally (and ILLEGALLY) stole money from us (and others).

Now that the indisputable record shows what they did, they want to drag us through more 'stuff', apparently just to show us that they can.

That is contemptible 'strategy', in my view.

I have ZERO interest in letting them keep a dime of our money. It is OUR money. They stole it.

DonO  
Don Osenbaugh  
KMIT Pool Administrator  
www.kmit.net  
dosenbaugh@cox.net  
316-259-3847

# Coalition of Self-Insured Groups (Work Comp Pools)

## *Meeting Notes from October 17, 2017*

(See attached Agenda and attendance sheet)

Doug Hamilton served as host, and welcomed everyone, and then introduced our guests: Clark Schultz (KID Assistant Commissioner) and Richard Ramos (KID Director of Financial Surveillance).

Schultz gave a general overview of KID, emphasizing down-sizing and cost-saving, and the mission to serve consumers.

Ramos gave a brief personal/professional history and addressed the following:

1. HB2043 (2017), which did away with the five-year KID audits;
2. The 'summer (2017) letter of request' for information from each pool, which will "serve as a baseline" for future KID analysis of the pools;
3. KID is "still developing what we will be asking for each year" and "will follow-up with future requirements soon". KID "doesn't foresee any new regulations"--such as requiring actuary studies, etc.
4. Financial Surveillance has 8 analysts and 4 examiners.

Shultz: Ramos "has more flexibility in what he does" as a result of 2043, and will now be "using resources in a smarter way", and emphasized that everything is still a bit of "a work-in-progress".

Ramos: We will "look at things that really need to be looked at, on a case-by-case basis".

Schultz:

1. KID will "help but not hammer" in applying reg's, and make the "assumption that everybody wants to follow the law";
2. KID just started looking at 2018 legislative priorities;

3. No work comp legislative issues stand out;
4. Gave a brief review of 2017 legislation;
5. Securities Commission being brought under KID;

### **Coalition Discussion of Possible 2018 work comp legislation:**

General question about any news on possible 'attacks' on 2011 Reform...general consensus was no.

Other at least possible topics could include: 6th Edition (v 4th, etc), prevailing factor, ALJ nomination process.

Schultz was asked about the KAIA draft legislation to change the Waiver (Affidavit of Exemption). Schultz: "We don't want to make something worse", but didn't offer much other information.

The new rates were just out on this day, and a copy was dispersed by Kari Zeferjann (KBIG). The group consensus was that the (roughly) 7.5% (across-the-board) was both surprising (in light of three straight previous significant decreases) and a bit alarming. Several questions were asked of Schultz, and it was pointed out the ongoing lowering rates will have a negative impact on pools. Schultz was asked if rates are going to continue to go down even further in the future, and answered there is a "sense that we will level off".

Comments were made by the group about statutory limits on pools' limits on advance discounting and use of credits. Also about our rates versus assigned risk rates. KID made no specific response.

*The CSIG is an informal group of Kansas workers compensation pools which generally meets once a year to discuss topics of mutual interest. CSIG has no formal structure, and, thus keeps no official minutes of its meetings. The*



*notes above represent my own personal notes of what was discussed at the 2017 meeting.*

*--Don Osenbaugh (KMIT Pool Administrator)*

NOTE: There was also a brief discussion about 'Threshold Level' and 'Split Point'; specifically about a meeting/discussion/'agreement' between pool rep's, KID, NCCI and KAIA in Topeka, in Sept 2013. My personal notes from that meeting are attached.

**The Group agreed to continue to meet once each year (unless otherwise required by something important and/or unanticipated, and that the next meeting of CSIG will be about November 1, 2018.**



# COALITION OF SELF-INSURED GROUPS

*Tuesday, October 18, 2016*

*10:00am*

*KBIG Training Room*

## Agenda

### **I. Welcome**

### **II. Introduction of Coalition Members**

*a. SIG Reps and A Brief Description of the SIG*

### **III. Kansas Insurance Department**

*a. Richard Ramos - Director of Financial Surveillance*

*b. Clark Schultz – Assistant Commissioner*

### **IV. Legislative Issues for 2018**

*a. Discussion*

### **V. Topics for Discussion**

*a. Rates*

*b. Advance Discounts, Schedule Credits, Surcharges*

### **VI. Closing**

*a. Next Meeting*

<u>Name</u>	<u>Pool</u>	<u>Email</u>
Don Osenbaugh	KMIT	dosenbaugh@cox.net
Doratha Bind	KWORCC	dontha@kworcc.com
Jess Cornejo	WADSIFF	jess.cornejo@corisksol.com
Jeff Siler	KRHA	JS11964@yahoo.com
Ronni Anderson	KHAWCFund	Kanderson@khsc.org
Kari Zefertjan	KBIG	<del>kzeferjan@</del> Korie.kbig.biz
Darin Osterhaus	KBIG	darin@kbig.biz
Liz Maisberger-Clark	KASB	lmaisberger@kasb.org
Kevin McFarland	KING	kevin@leadingagekansas.org
Ed Reasoner (Thomas McGee, LC)	KERTT	ereasoner@thomasmcgee.com
Roy T. Ortmann	KBIG	roy@kbig.biz
Doug Hamilton	KBIG	DOUG@KBIG.BIZ

**KANSAS INSURANCE DEPARTMENT  
WORKERS COMPENSATION ADVISORY MEETING  
KANSAS INSURANCE DEPARTMENT - 3<sup>RD</sup> FLOOR CONFERENCE ROOM  
SEPTEMBER 23, 2013  
9:00 a.m.**

**MEETING AGENDA**

- I. Introduction**
  - a. Zac Anshutz, Kansas Insurance Department
- II. Overview of Experience Rating Threshold Issue**
  - a. Roy Wood, NCCI
  - b. Jim Newins and Marty Hazen, Kansas Insurance Department
- III. Open Discussion of Experience Rating Threshold Issue**

Written submissions on this issue may be submitted to Zac Anshutz via e-mail at [zanshutz@ksinsurance.org](mailto:zanshutz@ksinsurance.org) on or before 5:00 p.m. on September 30, 2013.

**Call-in Information**

Name: Anshutz conference call  
Conference Code: 7852967806  
Dial-In Number: (866) 620 7326



Proposal!  
\* Raise migrating threshold  
up from \$2,250

9/23  
2013

KID: prefer not to do this w/ legislation

w/ ~~no~~ consensus KID is likely not to raise

Roy Wood (NCCI) —

KS has lowest threshold avg of \$2,250 over 3-yr period

15,022 are rated at \$2,250 level now

total businesses

\$3,500 = ~~about~~ 11,928 risks

\$10,000 = 9,200 risks

small risks — "credits may out-weight the debits"

\$2,250 = 1,983 #  
1.25 2

\$5,000 587 credits  
93 debits



9/23/13

KATA = split pt can cause  
small business to go out of business  
w/ one claim.

volatility in ~~change~~ caused by  
change in split pt.

raising threshold protects volatility  
\* want \$5,000 threshold

Payroll Wood - "threshold & split pt are  
two different animals"

PO Box 2992 \* Wichita, KS 67201-2992

KMIT  
6021 SW 29th St. PMB355  
Topeka, KS 66614

Invoice Date	10/17/17
Invoice No.	1121378
Bill-To Code	KMIT
Client Code	KMIT
Inv Order No.	51*1331526

Amount Remitted: \$

**Make checks payable to:** CORnerstone Risk Solutions

Effective Date	Policy Period	Coverage Description	Transaction Amount
10/01/17	10/01/17 to 10/01/18	Travelers Casualty and Surety Co of Ame Policy No. 106807287 *New - Crime  Premium due for the issued 2017 Crime Policy.  Thank you for your business.	1,393.00
		Invoice Number: 1121378      Amount Due:	1,393.00 <i>OK DWO 10/18/17</i>
		Please verbally confirm any payment changes to IMA (bank routing numbers, account numbers, wiring instructions, etc.) with your authorized IMA Representative.	

\*Premiums Are Due 20 Days After Invoice Date Unless Otherwise Specified

BEK1 Page: 1

ORIGINAL INVOICE

**KANSAS INSURANCE DEPARTMENT  
Notice of Hearing on Proposed  
Administrative Regulations**

A public hearing will be conducted at 2:00 p.m., December 19, 2017, in the third floor conference room, Kansas Insurance Department ("KID"), 420 S.W. 9th, Topeka, Kansas, to consider the adoption of a proposed rule and regulation.

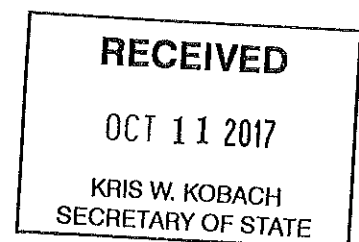
The 60-day notice of the public hearing shall constitute a public comment period for the purpose of receiving written public comments on the proposed rules and regulations. All interested parties may submit written comments prior to the hearing to Grace Lancaster, Kansas Insurance Department, 420 S.W. 9th, Topeka, Kansas, 66612-1678, via facsimile at 785-291-3190, or via email at [Grace.Lancaster@ks.gov](mailto:Grace.Lancaster@ks.gov). All interested parties will be given a reasonable opportunity to present their views orally on the adoption of the proposed regulation during the hearing.

A summary of the proposed regulation and its economic impact follows:

**K.A.R. 40-3-60. Workers compensation; affidavit of exempt status; premiums.** This regulation will require insurers to accept all executed affidavits of exempt status unless there is sufficient evidence that the individual who signed the affidavit is required to be covered under the workers compensation act.

This regulation will not have an economic impact on the KID or other governmental agencies. The regulation will decrease the occurrence of unexpected costs to Kansas small employers and consumers of workers compensation insurance. KID considered several alternatives. However, the current proposed regulation was deemed to most closely abide by the plain meaning of K.S.A. 44-5,127.

Any individual with a disability may request accommodation in order to participate in the public hearing and may request any proposed regulation and the economic impact statement in an accessible format. Requests for accommodation to participate in the hearing should be made at least 5 working days in advance by contacting Diane Minear at (785) 296-2676 or via email at [dminear@ksinsurance.org](mailto:dminear@ksinsurance.org). Any individual desiring a copy of any regulation and/or the policy and procedure that is being adopted by reference, if applicable, may obtain a copy from our website, [www.ksinsurance.org](http://www.ksinsurance.org), under the Legal Issues link or by contacting Diane Minear by phone at (785) 296-7847 or via email at [dminear@ksinsurance.org](mailto:dminear@ksinsurance.org). The charge for copies is fifty cents per page.



proposed

K.A.R. 40-3-60. Workers compensation; affidavit of exempt status. Each company that underwrites workers compensation insurance in Kansas shall accept each executed affidavit of exempt status provided by each insured, pursuant to K.S.A. 2016 Supp. 44-5,127 and amendments thereto, unless there is sufficient evidence that the individual who signed the affidavit is required to be covered under the workers compensation act. (Authorized by and implementing K.S.A. 2016 Supp. 44-5,127; effective P-\_\_\_\_\_.)

**RECEIVED**  
OCT 11 2017  
KRIS W. KOBACH  
SECRETARY OF STATE

**APPROVED**  
SEP 07 2017  
ATTORNEY GENERAL

**APPROVED**  
AUG 16 2017  
DEPT. OF ADMINISTRATION



KANSAS INSURANCE DEPARTMENT  
ECONOMIC IMPACT STATEMENT  
K.A.R. 40-3-60

**I. Summary of proposed regulation and purpose**

K.S.A. 44-5,127 allows any person who is paid by a company but is not an employee of that company to execute an Affidavit of Exempt Status. This typically refers to a self-employed subcontractor. The affidavit form is maintained by the Insurance Commissioner. K.A.R. 40-3-60 is a new regulation that requires insurance companies to accept all executed affidavits of exempt status, unless there is sufficient evidence that the individual who signed the affidavit is required to be covered under the workers compensation act.

**II. Whether the regulation is mandated by federal law and whether the regulation exceeds the requirements of applicable federal law.**

This regulation is not mandated by federal law, and, therefore, does not exceed the requirements of federal law.

**III. Anticipated economic impact on the Kansas Insurance Department.**

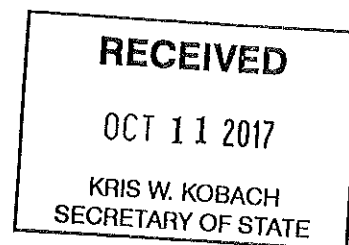
This bill is revenue neutral and will not impact the continued operations of the Kansas Insurance Department.

**IV. Anticipated financial impact upon other governmental agencies, small employers, private citizens, and consumers.**

The proposed regulation will have no impact on other government agencies. The regulation will decrease the occurrence of unexpected costs to Kansas small employers derived from aggressive yearly insurance audits. Employers will no longer be asked to pay outstanding workers compensation premium for individuals who are not employees of the insured.

**V. Less costly or intrusive methods considered, but rejected and the reason for rejection.**

The Kansas Insurance Department considered several alternatives. However, based on the plain reading of the statute, the current regulation was determined to be the only viable option.





Hannah E. Smith

 hannah-smith



# Workers' Comp 101

NEW TO SELLING WORKERS' COMP COVERAGE? HERE'S AN OVERVIEW OF THE BASICS FOR AGENTS AND BROKERS

**E**very employer knows it's a drag: Paying premiums for workers' compensation insurance for each employee to cover injuries that may never happen, and when or if injuries occur they may even be the fault of the employee. Reading the policies isn't fun either: They're filled with employer duties and responsibilities. But under the workers' compensation system, employers are required to obtain insurance that provides coverage for workers who suffer from work-related illnesses and injuries.

As an agent, it's your job to help your clients realize that workers' compensation insurance is not as anti-employer as it seems. It's really a compromise between employers and employees. Employees receive benefits if they're injured regardless of who was ultimately at fault. Employers are protected from arduous and expensive lawsuits brought by injured employees seeking

monetary damages for pain and suffering or mental anguish.

Typical workers' compensation statutes are intended to provide an exclusive remedy for on-the-job injuries or illnesses to all employees, subject to the law. Thus, the only remedy available to an injured employee under workers' compensation is to recover on a no-fault basis, the benefits required by the applicable statute. This means that employers that comply with workers' compensation statutes are generally immune from lawsuits brought by injured workers. There are a few exceptions that allow employees to bring a tort action against their employer — for example, intentional injury caused by the employer — but those situations generally occur only when the employer is accused of acting negligently.

## STATE SYSTEMS VARY

A few states, known as monopolistic states,



require businesses to secure coverage through state-operated systems. Currently, the monopolistic states are Ohio, North Dakota, Washington and Wyoming.

About two-thirds of the states subscribe to the National Council on Compensation Insurance and are called NCCI states. These states each have their own workers' compensation bureau, but rely on NCCI for such things as classifications and rating systems.

The states that don't subscribe to NCCI are dubbed "independent" states and allow private insurers to sell workers' compensation. Independent states use their own classification and rating systems, although they're often similar to the NCCI systems.

Texas and Oklahoma — known as "opt-out" states — are the only states that don't require all private employers to purchase workers' compensation insurance. Texas has been an opt-out state for decades, while Oklahoma has only been an opt-out state for four years, but the law has since been deemed unconstitutional by the Oklahoma Workers Compensation Commission.

Texas employers that contracted with the state government *are* required to have workers' compensation insurance, however. Even though workers' comp coverage is not required in Texas and Oklahoma, employers should remember that when they don't purchase the insurance, they lose important defenses against lawsuits by injured employees.

### SIMILAR STRUCTURE ACROSS STATES

Although workers' compensation is governed by state law, with the rules and regulations differing widely from state to state, the structure of the workers' compensation system can be similar by state. The main differences between states are procedural rules and rates to be paid.

Most states require employers who don't comply with the applicable workers' compensation statutes to pay a fine. The fine can vary based on several factors including:

- The length of time the employer is non-compliant;
- The number of employees; and
- The reason for noncompliance.

Depending on the state in which the business is located, if an employer isn't complying with



### Cost Protection

Workers' comp insurance protects employers from the real cost of medical expenses and lost wages that accrue after a workplace injury or illness. Workers' comp is a necessary safeguard when an occupational injury kills, disables, or seriously injures an employee, or when an employee waives benefits and sues the employer for negligence. Most workers' compensation policies include Employer's Liability Insurance, which covers the employer's costs of legal defense, settlements, or judgments if an employee does sue. Business owner employers can also choose to be covered on their workers' compensation insurance in case they're worried about possibly suffering a workplace injury themselves.

the mandated workers' compensation insurance requirements, fines and penalties can cost them from thousands to hundreds of thousands of dollars for each violation. For instance, non-compliant business owners in New York with four or fewer employees face fines up to \$5,000, but if the same business owner has five or more employees the fines can reach \$50,000.

Intentional noncompliance in several states, including Pennsylvania, may be considered a felony.

To stress the importance of compliance with workers' compensation statutes for employers, make sure you, as the agent, know exactly what penalties and punishments are implemented in the state where you sell workers' compensation insurance and all the states in which your clients do business.

### INJURIES EXCLUDED FROM WORKERS' COMP COVERAGE

On the other hand, some injuries and illnesses are not covered by workers' compensation, for example:

- Injuries caused by intoxication or drugs,
- Self-inflicted injuries,
- Injuries from a fight started by an employee,
- Injuries resulting from horseplay or violation of a company policy,
- Injuries inflicted during the commission of a felony,
- Injuries suffered off the job,
- Injuries claimed after an employee is terminated or laid off, and
- Injuries to an independent contractor.

To avoid fines, unknown liability, criminal charges, jail time, and even felony charges, it's in the best interest of employers to comply with all workers' compensation laws implemented in the states in which they run their businesses.

If you have a reluctant employer as a client, you can emphasize that having proper workers' compensation insurance coverage is a smart investment that protects the business, the employees, *and* the employer. **NJ**

Hannah E. Smith is an insurance editor at FC&S, a division of National Underwriter Co., and ALM. She may be reached at [hsmith@alm.com](mailto:hsmith@alm.com).

# KMIT Rates, 2014-2018

KMIT Modified Rate (dollars per hundred dollars of payroll)											5-Yr Change		
Job Type	Code	2014	2015	change	2016	change	2017	change	2018	change	Amount	Rate	
Streets	5506	\$ 6.19	\$ 6.60	6.6%	\$ 5.46	-17.3%	\$ 5.38	-1.5%	\$ 5.30	-1.5%	\$ (0.89)	-14.4%	Streets
Water	7520	\$ 4.75	\$ 4.44	-6.5%	\$ 3.65	-17.8%	\$ 2.99	-22.1%	\$ 2.85	-4.7%	\$ (1.90)	-40.0%	Water
Wastewater	7580	\$ 2.73	\$ 2.83	3.7%	\$ 2.71	-4.2%	\$ 2.60	-4.2%	\$ 2.37	-8.8%	\$ (0.36)	-13.2%	Wastewater
Parks	9102	\$ 3.37	\$ 3.41	1.2%	\$ 3.14	-7.9%	\$ 2.86	-9.8%	\$ 2.71	-5.2%	\$ (0.66)	-19.6%	Parks
Police	7720	\$ 2.97	\$ 3.06	3.0%	\$ 2.73	-10.8%	\$ 2.35	-16.2%	\$ 2.17	-7.7%	\$ (0.80)	-26.9%	Police
Electric	7538	\$ 6.96	\$ 6.88	-1.1%	\$ 5.69	-17.3%	\$ 4.89	-16.4%	\$ 4.28	-12.5%	\$ (2.68)	-38.5%	Electric
Fire (not volunteer)	7710	\$ 8.50	\$ 8.42	-0.9%	\$ 5.89	-30.0%	\$ 4.62	-27.5%	\$ 3.73	-19.3%	\$ (4.77)	-56.1%	Fire (not volunteer)