



Board of Trustees

Board Meeting
February 24, 2017
Moundridge, Kansas

AG360 Insurance Agency

101 N. Christian Ave.

9:00 AM

BOARD OF TRUSTEES MEETING KANSAS MUNICIPAL INSURANCE TRUST

**9:00 AM, Friday, February 24, 2017
AG360 Insurance Agency*, Moundridge, KS**

1. Welcome, Introductions and Call To Order (President Debbie Price)
2. Trustee Absences from Meeting (Price)
3. Minutes from December 16, 2016 (Price)
4. Financial Reports (Kifer)
 - a. December 31, 2016 Financials
 - b. January 31, 2017 Financials
 - c. 'Unaudited' Fourth Quarter (12/31) 2016 KID Report
 - d. January 31, 2017 Cash and Investment Summary
5. Settlement Authority & Reserve Advisory (Miller)
6. Loss Control Activities (Rhodes)
7. Bylaws Amending Process (Osenbaugh)
8. Pool Performance History (Cornejo)
9. Annual Marketing Overview (Osenbaugh)
10. Annual Investment Update (Greg Nelson [KMIT Investment Advisor], Commerce Bank)
11. Staff Reports
12. Other Business
13. Adjourn (approximately 12:00 Noon)

*101 N. Christian Ave.

KANSAS MUNICIPAL INSURANCE TRUST

Board of Trustees Minutes from December 16, 2016

Unapproved

Meeting Convened: Friday, December 16, at the offices of IMA, in Wichita, KS. The meeting was called to order by KMIT President Debbie Price at 9:01 AM.

Members Present: *Board Members Present:* President Price (Marysville), Vice President Randy Frazer (Moundridge), Treasurer David Dillner (Abilene), Immediate Past President Tim Hardy (Elkhart), Kerry Rozman (Clay Center), Ty Lasher (Bel Aire), Michael Reagle (Garden City), Janie Cox (Haysville) and Carey Steier (Pittsburg). *Staff:* Paul Davis (CORnerstone), Gene Miller (CORnerstone), Jess Cornejo (CORnerstone), Deanna Furman (CORnerstone), Barbie Kifer (CORnerstone), Amanda Chamberland (CORnerstone), Renee Rhodes (IMA) and Don Osenbaugh (KMIT Pool Administrator).

Members Absent From Meeting: Mike Webb (Edwardsville).

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

Financial Reports:

- a. September 30, 2016 (3rd Q) KID Report
- b. September 30, 2016 Financials
- c. October 31, 2016 Financials
- d. November 30, 2016 Financials
- e. November 30, 2016 Cash and Investment Summary

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

Reserve Advisory and Settlement Authority:

Miller reported on the following claims:

1. Claim #2016074973 (Eudora)--Reserve Increase Advisory only.
2. Claim #2016074602 (Horton)--Reserve Increase Advisory only.
3. Claim #2016075002 (Pittsburg)--Reserve Increase Advisory only.
4. Claim #2016073580 (Newton)--Settlement request of authority up to \$30,378 approved unanimously following motion by Hardy and second by Dillner.

Loss Control Activities: Rhodes presented a updated activity report and commented on a slightly 'tweaked' risk control assessment form for 2017.

Excess Coverage Renewal for 2017: Cornejo reviewed a summary of variables and possible excess coverage options, all with the current carrier, Safety National. The Board voted unanimously to keep the same coverage levels as in 2016, with a currently-estimated premium of \$476,361. Motion by Hardy; second by Dillner.

Errors and Omissions (D&O) Policy Renewal for 2017: Cornejo presented a list of options. The Board voted unanimously to keep the same coverage levels as in 2016, at a premium cost of \$15,939.22. Motion by Dillner; second by Lasher.

2017 Administrative Budget: Osenbaugh presented the Estimated 2017 Administrative (Operating) Budget, which was approved unanimously following a motion by Frazer and second by Rozman. Estimated revenues: \$5,182; estimated administrative expenses: \$1,244,000; estimated available for claims: \$3,458,000.

Bylaw Changes Discussion: Osenbaugh led a discussion of the need to develop a process to change the bylaws this year, to match up with changes in the contract with the League, which takes affect 1/1/18. No decisions were made.

Dodge City Membership Application: Osenbaugh asked that the Board make the final determination on the admittance of Dodge City, which has applied to be re-admitted into KMIT. The Board (by consensus) gave approval to add Dodge City, contingent upon the City responding to questions the city had alluded to concerning past 'problems' with KMIT (Dodge City withdrew from the pool in December 2008).

TRISTAR: Paul Davis gave an overview of 'purchase' of the TPA (Claims) process by TRISTAR. More information will be brought to the February meeting.

Other Business: Discussion initiated by Lasher concerning the purchase of KMIT shirts for the Board and staff; by consensus it was agreed to purchase shirts.

Adjournment: Motion to adjourn by Dillner; second by Rozman. Unanimous. Adjourned at 12:15 PM.

KMIT Balance Sheet

December 31, 2016

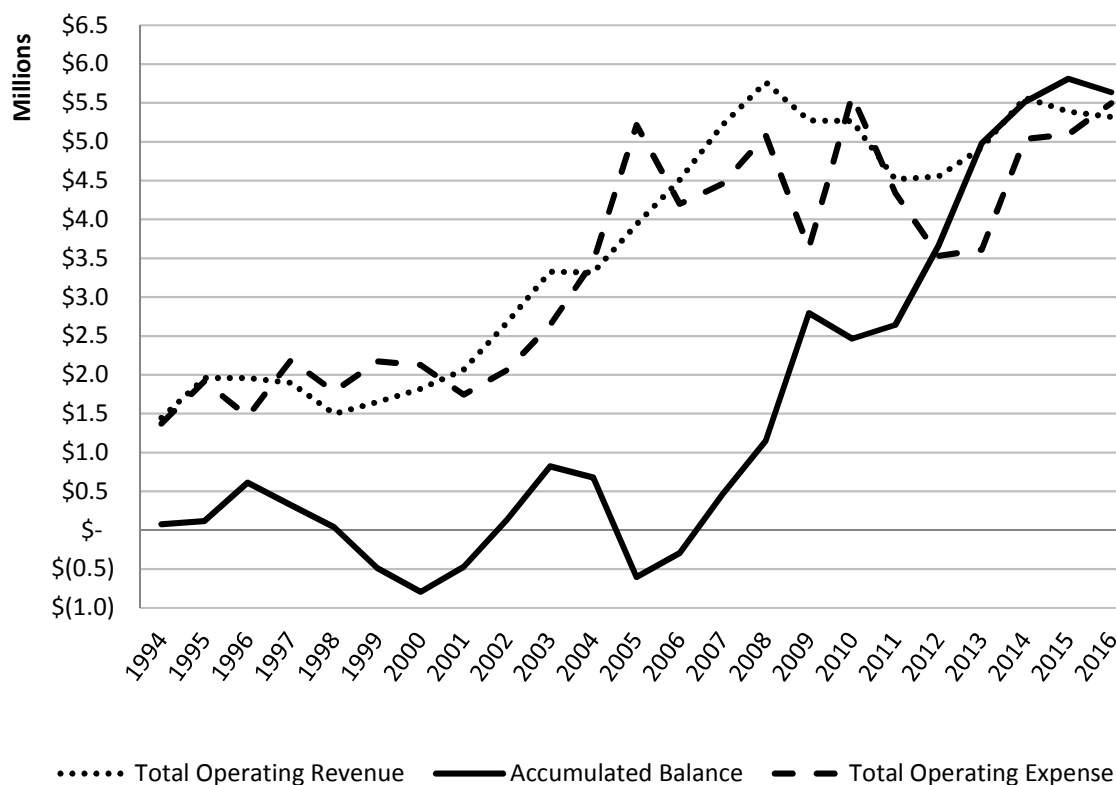
ASSETS

Checking Accounts	\$	693,413
Investments	\$	13,989,109
Accrued Interest	\$	141,489
Accounts Receivable	\$	165
Excess Premium Receivable	\$	-
Specific Recoverable	\$	336,829
Aggregate Recoverable	\$	8,559
Prepaid Expenses	\$	181
Total Assets	\$	15,169,746

LIABILITIES & EQUITY

Accounts Payable	\$	46,500
Excess Premium Payable	\$	-
Reserve for Losses	\$	2,776,861
IBNR Reserve	\$	5,233,649
Deposits on Premium	\$	1,037,223
Accrued Taxes and Assessments	\$	439,304
Total Liabilities	\$	9,533,537
Total Equity	\$	5,636,209
Total Liabilities and Equity	\$	15,169,746

KMIT Financial Overview



KMIT Profit and Loss

December 31, 2016

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
	Closed	Closed	Closed	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date
REVENUE FUND														
Direct Premium Earned	\$ 1,422,582	\$ 1,885,501	\$ 1,843,047	\$ 1,754,515	\$ 1,377,722	\$ 1,552,110	\$ 1,689,773	\$ 1,965,656	\$ 2,616,641	\$ 3,274,489	\$ 3,256,648	\$ 3,837,793	\$ 4,272,140	\$ 4,950,171
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
Miscellaneous Income	\$ -	\$ -	\$ -	\$ -	\$ 4,445	\$ 75	\$ -	\$ -	\$ 2,335	\$ -	\$ -	\$ -	\$ -	\$ 2,405
Total Operating Revenue	\$ 1,445,257	\$ 1,958,726	\$ 1,957,959	\$ 1,897,220	\$ 1,498,357	\$ 1,649,067	\$ 1,819,386	\$ 2,067,350	\$ 2,669,644	\$ 3,326,981	\$ 3,315,716	\$ 3,934,067	\$ 4,507,126	\$ 5,215,600
		\$ 390,462												
ADMINISTRATION FUND EXPENSE	\$ 477,137	\$ 601,545	\$ 492,669	\$ 527,664	\$ 490,180	\$ 454,708	\$ 450,807	\$ 437,018	\$ 533,041	\$ 649,336	\$ 738,790	\$ 815,590	\$ 908,643	\$ 920,926
CLAIMS FUND EXPENSE														
Claims Paid Expense	\$ 716,700	\$ 1,049,152	\$ 790,125	\$ 2,073,604	\$ 1,979,535	\$ 1,692,048	\$ 1,443,627	\$ 1,097,087	\$ 1,211,714	\$ 1,874,209	\$ 2,278,814	\$ 3,835,079	\$ 2,587,916	\$ 2,686,402
Claims Paid Adjusting Expense	\$ 25,541	\$ 54,345	\$ 46,505	\$ 90,802	\$ 84,752	\$ 143,490	\$ 123,335	\$ 83,206	\$ 129,112	\$ 149,296	\$ 149,925	\$ 236,892	\$ 179,435	\$ 192,423
Claims Reserve Expense	\$ -	\$ -	\$ -	\$ -	\$ 70,819	\$ 40,004	\$ 13,467	\$ -	\$ -	\$ -	\$ 56,699	\$ 104,861	\$ 51,257	\$ 149,116
Claims Reserves Adjusting Expense	\$ -	\$ -	\$ -	\$ -	\$ 5,845	\$ 4,212	\$ 378	\$ -	\$ -	\$ -	\$ 2,253	\$ 7,936	\$ 11,473	\$ 11,205
IBNR Reserve Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,915	\$ -	\$ -	\$ -	\$ 11,278	\$ 28,257	\$ 75,092	\$ 77,029
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
Specific Recoverable Expense	\$ -	\$ -	\$ -	\$ -	\$ (204,654)	\$ 61,607	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Specific Recovery Expense	\$ -	\$ -	\$ -	\$ (268,748)	\$ (722,146)	\$ (181,562)	\$ -	\$ -	\$ -	\$ (400,137)	\$ -	\$ (188,126)	\$ -	\$ -
Aggregate Recoverable Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (8,559)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Aggregate Recovery Expense	\$ -	\$ -	\$ -	\$ (352,627)	\$ -	\$ (112,699)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Claims Fund Expense	\$ 893,634	\$ 1,313,638	\$ 970,007	\$ 1,660,153	\$ 1,293,607	\$ 1,718,664	\$ 1,675,542	\$ 1,307,461	\$ 1,530,284	\$ 1,990,358	\$ 2,720,404	\$ 4,399,372	\$ 3,289,598	\$ 3,536,903
Total Operating Expense	\$ 1,370,771	\$ 1,915,183	\$ 1,462,676	\$ 2,187,817	\$ 1,783,787	\$ 2,173,372	\$ 2,126,349	\$ 1,744,478	\$ 2,063,325	\$ 2,639,694	\$ 3,459,194	\$ 5,214,962	\$ 4,198,241	\$ 4,457,829
BALANCES														
KMIT Statutory Fund Balance	\$ 74,486	\$ 43,543	\$ 495,283	\$ (290,597)	\$ (285,429)	\$ (524,305)	\$ (306,963)	\$ 322,872	\$ 606,319	\$ 687,287	\$ (143,478)	\$ (1,280,895)	\$ 308,885	\$ 757,771
Accumulated Balance	\$ 74,486	\$ 118,029	\$ 613,312	\$ 322,715	\$ 37,286	\$ (487,019)	\$ (793,982)	\$ (471,110)	\$ 135,208	\$ 822,495	\$ 679,017	\$ (601,878)	\$ (292,993)	\$ 464,778

KMIT Profit and Loss

December 31, 2016

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2016	Total
	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Budget	Accrued To Date
REVENUE FUND											
Direct Premium Earned	\$ 5,519,169	\$ 5,193,427	\$ 5,213,859	\$ 4,442,326	\$ 4,484,533	\$ 4,853,835	\$ 5,460,344	\$ 5,261,044	\$ 5,157,928	\$ 5,320,000	\$ 81,285,253
Interest Income	\$ 245,802	\$ 81,601	\$ 52,768	\$ 72,925	\$ 70,104	\$ 71,861	\$ 107,601	\$ 128,600	\$ 163,558	\$ 125,000	\$ 2,549,178
Miscellaneous Income	\$ -	\$ -	\$ -	\$ 1,441	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,701
Total Operating Revenue	\$ 5,764,971	\$ 5,275,028	\$ 5,266,578	\$ 4,516,692	\$ 4,554,637	\$ 4,925,696	\$ 5,567,945	\$ 5,389,644	\$ 5,321,486	\$ 5,445,000	\$ 83,845,132
ADMINISTRATION FUND EXPENSE	\$ 952,703	\$ 956,351	\$ 1,022,328	\$ 958,139	\$ 932,029	\$ 1,004,265	\$ 1,068,793	\$ 1,094,168	\$ 1,179,311	\$ 1,210,000	\$ 17,666,140
CLAIMS FUND EXPENSE											
Claims Paid Expense	\$ 3,312,422	\$ 2,029,622	\$ 3,806,602	\$ 2,633,473	\$ 1,892,513	\$ 1,634,667	\$ 2,697,714	\$ 1,560,103	\$ 914,274	\$ -	\$ 45,797,401
Claims Paid Adjusting Expense	\$ 234,488	\$ 129,807	\$ 184,779	\$ 146,127	\$ 164,607	\$ 121,991	\$ 115,974	\$ 99,769	\$ 40,887	\$ -	\$ 2,927,488
Claims Reserve Expense	\$ 136,272	\$ 15,227	\$ 126,470	\$ 227,602	\$ 146,637	\$ 62,770	\$ 363,435	\$ 209,880	\$ 758,632	\$ -	\$ 2,533,150
Claims Reserves Adjusting Expense	\$ 8,173	\$ 1,588	\$ 11,650	\$ 5,833	\$ 13,065	\$ 10,889	\$ 37,102	\$ 40,240	\$ 71,869	\$ -	\$ 243,711
IBNR Reserve Expense	\$ 63,038	\$ 157,079	\$ 90,767	\$ 32,067	\$ 100,292	\$ 379,647	\$ 522,284	\$ 1,632,940	\$ 2,055,963	\$ -	\$ 5,233,649
Excess Work Comp Insurance	\$ 372,790	\$ 341,935	\$ 351,375	\$ 336,966	\$ 337,595	\$ 395,128	\$ 432,750	\$ 456,352	\$ 474,781	\$ 480,000	\$ 6,442,781
Specific Recoverable Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (193,781)	\$ -	\$ -	\$ -	\$ (336,829)
Specific Recovery Expense	\$ -	\$ -	\$ -	\$ -	\$ (53,999)	\$ -	\$ (9,965)	\$ -	\$ -	\$ -	\$ (1,824,682)
Aggregate Recoverable Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (8,559)
Aggregate Recovery Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (465,326)
Claims Fund Expense	\$ 4,127,183	\$ 2,675,257	\$ 4,571,644	\$ 3,382,069	\$ 2,600,710	\$ 2,605,092	\$ 3,965,514	\$ 3,999,284	\$ 4,316,406	\$ 480,000	\$ 60,542,783
Total Operating Expense	\$ 5,079,886	\$ 3,631,608	\$ 5,593,972	\$ 4,340,208	\$ 3,532,739	\$ 3,609,357	\$ 5,034,307	\$ 5,093,452	\$ 5,495,717	\$ 1,690,000	\$ 78,208,923
BALANCES											
KMIT Statutory Fund Balance	\$ 685,085	\$ 1,643,420	\$ (327,394)	\$ 176,484	\$ 1,021,898	\$ 1,316,339	\$ 533,638	\$ 296,192	\$ (174,231)	\$ 3,755,000	\$ 5,636,209
Accumulated Balance	\$ 1,149,863	\$ 2,793,283	\$ 2,465,889	\$ 2,642,373	\$ 3,664,271	\$ 4,980,610	\$ 5,514,248	\$ 5,810,440	\$ 5,636,209		

KMIT Admin Expenses

December 31, 2016

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
	Closed	Closed	Closed	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date
GENERAL EXPENSES														
Agent Commissions	\$ -	\$ -	\$ -	\$ -	\$ 969	\$ 4,919	\$ 5,239	\$ 12,669	\$ 33,803	\$ 44,060	\$ 43,231	\$ 61,486	\$ 75,650	\$ 77,961
Directors and Officers Insurance	\$ -	\$ 489	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,367
Meetings/Travel	\$ -	\$ 6,971	\$ 976	\$ 5,318	\$ 1,206	\$ -	\$ 149	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contingencies/Miscellaneous	\$ -	\$ 8,984	\$ 2,596	\$ 3,913	\$ 5,357	\$ 11,585	\$ 6,020	\$ 18,223	\$ 26,103	\$ 28,939	\$ 41,820	\$ 23,173	\$ 66,332	\$ 33,865
Bank Fees	\$ 1,249	\$ 4,735	\$ 579	\$ 658	\$ 263	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Write Off	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
LKM Clearing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Marketing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Office Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub Total	\$ 1,249	\$ 21,179	\$ 4,151	\$ 9,889	\$ 7,795	\$ 16,504	\$ 11,408	\$ 30,892	\$ 59,906	\$ 72,999	\$ 85,051	\$ 84,659	\$ 141,982	\$ 132,193
REGULATORY														
Kansas Insurance Dept (KID) Premium Tax	\$ 12,847	\$ 18,402	\$ 13,177	\$ 10,823	\$ 13,893	\$ 18,215	\$ 19,568	\$ 18,564	\$ 24,377	\$ 29,017	\$ 30,168	\$ 34,004	\$ 40,212	\$ 46,194
KID Pool Assessment	\$ 9,407	\$ -	\$ 5,372	\$ 3,470	\$ 3,798	\$ 1,855	\$ 2,693	\$ 4,355	\$ 3,341	\$ 5,983	\$ 2,844	\$ 3,900	\$ -	\$ 4,300
KID Workers Compensation Assessment	\$ 64,034	\$ 44,011	\$ 25,322	\$ 48,345	\$ 31,243	\$ 14,594	\$ 10,372	\$ 1,795	\$ 7,770	\$ 19,748	\$ 47,137	\$ 91,805	\$ 47,193	\$ 32,896
KID State Audit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
KDOL Annual Assessment Fee	\$ 9,073	\$ 15,053	\$ 12,410	\$ 42,620	\$ 38,730	\$ 44,396	\$ 40,094	\$ 30,875	\$ 34,311	\$ 39,671	\$ 57,221	\$ 71,959	\$ 81,690	\$ 85,338
Sub Total	\$ 95,360	\$ 77,466	\$ 56,281	\$ 105,257	\$ 87,664	\$ 79,060	\$ 72,727	\$ 55,589	\$ 69,799	\$ 94,418	\$ 137,371	\$ 201,667	\$ 169,095	\$ 168,728
CONTRACTURAL														
Financial Audit	\$ 4,603	\$ -	\$ 6,639	\$ 32,625	\$ 12,292	\$ 8,288	\$ 10,973	\$ 8,474	\$ 9,600	\$ 9,806	\$ 10,465	\$ 10,264	\$ 33,013	\$ 6,462
Actuarial	\$ -	\$ -	\$ 2,855	\$ 5,000	\$ 25,033	\$ 5,859	\$ 5,703	\$ 7,062	\$ 6,148	\$ 6,272	\$ 7,862	\$ 9,000	\$ 9,991	\$ 12,860
Risk Management	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,000	\$ 40,000	\$ 50,000	\$ 50,000	\$ 60,000
Risk Control	\$ -	\$ -	\$ 82,500	\$ 99,073	\$ 87,000	\$ 80,000	\$ 80,000	\$ 85,000	\$ 92,500	\$ 105,000	\$ 113,000	\$ 120,000	\$ 130,000	\$ 140,000
Claims Adjusting	\$ 298,447	\$ 312,500	\$ 194,842	\$ 105,470	\$ 100,000	\$ 105,000	\$ 110,000	\$ 110,000	\$ 125,000	\$ 135,000	\$ 140,000	\$ 140,000	\$ 150,000	\$ 165,000
Risk Analysis	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
POET	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pool Admin Services	\$ 77,478	\$ 190,400	\$ 145,400	\$ 170,350	\$ 170,396	\$ 159,996	\$ 159,996	\$ 140,000	\$ 160,000	\$ 176,000	\$ 193,000	\$ 200,000	\$ 210,000	\$ 220,000
Payroll Audits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,088	\$ 9,840	\$ 12,042	\$ -	\$ 14,562	\$ 15,684
Rating Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Web Hosting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Endorsement Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub Total	\$ 380,528	\$ 502,900	\$ 432,236	\$ 412,518	\$ 394,721	\$ 359,144	\$ 366,672	\$ 350,536	\$ 403,336	\$ 481,918	\$ 516,368	\$ 529,264	\$ 597,566	\$ 620,006
Administration Fund Expense	\$ 477,137	\$ 601,545	\$ 492,669	\$ 527,664	\$ 490,180	\$ 454,708	\$ 450,807	\$ 437,018	\$ 533,041	\$ 649,336	\$ 738,790	\$ 815,590	\$ 908,643	\$ 920,926

KMIT Admin Expenses

December 31, 2016

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2016	Total
	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Budget	Accrued To Date
GENERAL EXPENSES											
Agent Commissions	\$ 88,532	\$ 94,214	\$ 93,637	\$ 82,860	\$ 96,481	\$ 102,636	\$ 97,189	\$ 97,505	\$ 91,405	\$ 100,000	\$ 1,204,446
Directors and Officers Insurance	\$ 18,542	\$ 15,857	\$ 15,942	\$ 16,038	\$ 16,488	\$ 17,224	\$ 15,956	\$ 15,667	\$ 15,970	\$ 18,000	\$ 168,540
Meetings/Travel	\$ -	\$ -	\$ -	\$ 829	\$ 4,881	\$ 19,334	\$ 29,749	\$ 19,897	\$ 22,598	\$ 20,000	\$ 111,908
Contingencies/Miscellaneous	\$ 26,155	\$ 34,318	\$ 2,657	\$ 1,708	\$ 3,175	\$ 3,623	\$ 4,385	\$ 3,884	\$ 2,594	\$ 6,000	\$ 359,409
Bank Fees	\$ 2,638	\$ 2,758	\$ 9,239	\$ 5,776	\$ 4,159	\$ 7,528	\$ 4,460	\$ 5,998	\$ 5,433	\$ 8,000	\$ 55,473
Write Off	\$ -	\$ -	\$ -	\$ (104)	\$ -	\$ -	\$ -	\$ -	\$ 464	\$ -	\$ 360
LKM Clearing	\$ -	\$ -	\$ -	\$ 60	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60
Marketing	\$ -	\$ -	\$ -	\$ -	\$ 439	\$ 452	\$ 161	\$ 34	\$ 502	\$ 1,000	\$ 1,588
Office Supplies	\$ -	\$ -	\$ -	\$ -	\$ 1,112	\$ 1,830	\$ 3,732	\$ 4,485	\$ 6,176	\$ 5,000	\$ 17,334
Sub Total	\$ 135,867	\$ 147,147	\$ 121,475	\$ 107,167	\$ 126,735	\$ 152,627	\$ 155,632	\$ 147,469	\$ 145,142	\$ 158,000	\$ 1,919,118
REGULATORY											
Kansas Insurance Dept (KID) Premium Tax	\$ 54,139	\$ 48,525	\$ 49,030	\$ 40,919	\$ 43,445	\$ 44,349	\$ 51,057	\$ 47,827	\$ 46,831	\$ 50,000	\$ 755,583
KID Pool Assessment	\$ 3,409	\$ 3,476	\$ 3,500	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,701
KID Workers Compensation Assessment	\$ 32,770	\$ 28,363	\$ 57,704	\$ 65,962	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 671,063
KID State Audit	\$ -	\$ -	\$ -	\$ 12,652	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,652
KDOL Annual Assessment Fee	\$ 87,022	\$ 63,865	\$ 90,881	\$ 29,612	\$ 81,716	\$ 93,169	\$ 130,263	\$ 126,411	\$ 153,566	\$ 200,000	\$ 1,459,946
Sub Total	\$ 177,340	\$ 144,229	\$ 201,115	\$ 152,145	\$ 125,161	\$ 137,518	\$ 181,320	\$ 174,237	\$ 200,398	\$ 250,000	\$ 2,963,945
CONTRACTURAL											
Financial Audit	\$ 13,127	\$ 18,608	\$ 31,565	\$ 12,023	\$ 11,738	\$ 11,904	\$ 15,803	\$ 13,803	\$ 12,000	\$ 21,000	\$ 304,075
Actuarial	\$ 13,000	\$ 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	\$ 170,000	\$ 190,000	\$ 170,000	\$ 1,290,000
Risk Control	\$ 140,000	\$ 145,000	\$ 145,000	\$ 145,000	\$ 145,000	\$ 150,000	\$ 150,000	\$ 155,000	\$ 155,000	\$ 155,000	\$ 2,544,073
Claims Adjusting	\$ 165,000	\$ 175,000	\$ 195,000	\$ 185,000	\$ 185,000	\$ 185,000	\$ 185,000	\$ 205,000	\$ 205,000	\$ 205,000	\$ 3,876,259
Risk Analysis	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,671	\$ 14,651	\$ 27,647	\$ 25,000	\$ 51,969
POET	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,425	\$ 10,513	\$ 19,000	\$ 17,938
Pool Admin Services	\$ 220,000	\$ 225,000	\$ 225,000	\$ 230,000	\$ 230,004	\$ 75,600	\$ 81,900	\$ 98,560	\$ 99,360	\$ 100,000	\$ 3,858,440
Payroll Audits	\$ 18,370	\$ 17,617	\$ 19,173	\$ 19,000	\$ 16,318	\$ 16,000	\$ 20,143	\$ 19,923	\$ 19,954	\$ 22,000	\$ 228,712
Rating Services	\$ -	\$ -	\$ -	\$ 22,650	\$ 6,636	\$ 18,702	\$ 10,887	\$ 754	\$ 27,105	\$ -	\$ 86,734
Web Hosting	\$ -	\$ -	\$ -	\$ 1,155	\$ 1,187	\$ 2,663	\$ 3,439	\$ 2,846	\$ 2,193	\$ -	\$ 13,483
Endorsement Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 280,000
Sub Total	\$ 639,497	\$ 664,975	\$ 699,738	\$ 698,827	\$ 680,133	\$ 714,119	\$ 731,842	\$ 772,461	\$ 833,772	\$ 802,000	\$ 12,783,077
Administration Fund Expense	\$ 952,703	\$ 956,351	\$ 1,022,328	\$ 958,139	\$ 932,029	\$ 1,004,265	\$ 1,068,793	\$ 1,094,168	\$ 1,179,311	\$ 1,210,000	\$ 17,666,140

KMIT Balance Sheet

January 31, 2017

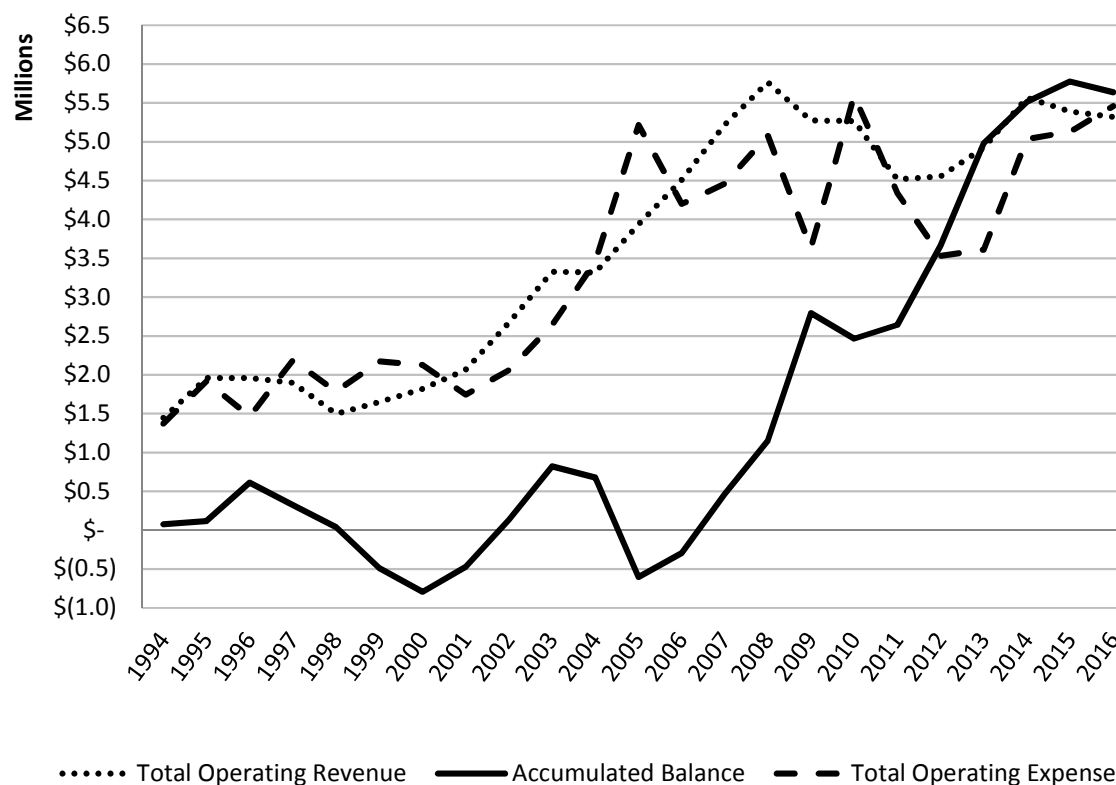
ASSETS

Checking Accounts	\$ 1,285,262
Investments	\$ 16,012,258
Accrued Interest	\$ 160,779
Accounts Receivable	\$ 754,259
Excess Premium Receivable	\$ -
Specific Recoverable	\$ 343,243
Aggregate Recoverable	\$ 8,559
Prepaid Expenses	\$ 451,456
Total Assets	\$ 19,015,817

LIABILITIES & EQUITY

Accounts Payable	\$ 42,742
Excess Premium Payable	\$ -
Reserve for Losses	\$ 2,677,613
IBNR Reserve	\$ 5,435,832
Deposits on Premium	\$ 4,852,197
Accrued Taxes and Assessments	\$ 439,304
Total Liabilities	\$ 13,447,688
Total Equity	\$ 5,568,129
Total Liabilities and Equity	\$ 19,015,817

KMIT Financial Overview



KMIT Profit and Loss

January 31, 2017

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
	Closed	Closed	Closed	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date
REVENUE FUND															
Direct Premium Earned	\$ 1,422,582	\$ 1,885,501	\$ 1,843,047	\$ 1,754,515	\$ 1,377,722	\$ 1,552,110	\$ 1,689,773	\$ 1,965,656	\$ 2,616,641	\$ 3,274,489	\$ 3,256,648	\$ 3,837,793	\$ 4,272,140	\$ 4,950,171	\$ 5,519,169
Interest Income	\$ 22,675	\$ 73,225	\$ 114,912	\$ 142,705	\$ 116,190	\$ 96,882	\$ 129,613	\$ 101,694	\$ 50,668	\$ 52,492	\$ 59,068	\$ 96,274	\$ 234,986	\$ 263,024	\$ 245,802
Miscellaneous Income	\$ -	\$ -	\$ -	\$ -	\$ 4,445	\$ 75	\$ -	\$ -	\$ 2,335	\$ -	\$ -	\$ -	\$ -	\$ 2,405	\$ -
Total Operating Revenue	\$ 1,445,257	\$ 1,958,726	\$ 1,957,959	\$ 1,897,220	\$ 1,498,357	\$ 1,649,067	\$ 1,819,386	\$ 2,067,350	\$ 2,669,644	\$ 3,326,981	\$ 3,315,716	\$ 3,934,067	\$ 4,507,126	\$ 5,215,600	\$ 5,764,971
		\$ 390,462													
ADMINISTRATION FUND EXPENSE	\$ 477,137	\$ 601,545	\$ 492,669	\$ 527,664	\$ 490,180	\$ 454,708	\$ 450,807	\$ 437,018	\$ 533,041	\$ 649,336	\$ 738,790	\$ 815,590	\$ 908,643	\$ 920,926	\$ 952,703
CLAIMS FUND EXPENSE															
Claims Paid Expense	\$ 716,700	\$ 1,049,152	\$ 790,125	\$ 2,073,604	\$ 1,981,309	\$ 1,741,797	\$ 1,443,627	\$ 1,097,087	\$ 1,211,714	\$ 1,874,209	\$ 2,279,992	\$ 3,838,540	\$ 2,588,830	\$ 2,743,097	\$ 3,313,516
Claims Paid Adjusting Expense	\$ 25,541	\$ 54,345	\$ 46,505	\$ 90,802	\$ 84,752	\$ 143,533	\$ 123,458	\$ 83,206	\$ 129,112	\$ 149,296	\$ 149,927	\$ 236,901	\$ 179,548	\$ 192,499	\$ 234,488
Claims Reserve Expense	\$ -	\$ -	\$ -	\$ -	\$ 69,044	\$ 10,256	\$ 10,967	\$ -	\$ -	\$ -	\$ 50,020	\$ 102,575	\$ 50,959	\$ 147,415	\$ 185,178
Claims Reserves Adjusting Expense	\$ -	\$ -	\$ -	\$ -	\$ 5,845	\$ 4,169	\$ 2,256	\$ -	\$ -	\$ -	\$ 912	\$ 8,363	\$ 11,360	\$ 11,128	\$ 8,173
IBNR Reserve Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,415	\$ -	\$ -	\$ -	\$ 18,118	\$ 26,572	\$ 74,476	\$ 76,034	\$ 13,038
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	\$ -	\$ -	\$ -	\$ -	\$ (191,144)	\$ 41,607	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75	\$ -	\$ -	\$ -
Specific Recovery Expense	\$ -	\$ -	\$ -	\$ (268,748)	\$ (735,657)	\$ (181,562)	\$ -	\$ -	\$ -	\$ (400,137)	\$ -	\$ (188,126)	\$ -	\$ (53,999)	\$ -
Aggregate Recoverable Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (8,559)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Aggregate Recovery Expense	\$ -	\$ -	\$ -	\$ (352,627)	\$ -	\$ (112,699)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Claims Fund Expense	\$ 893,634	\$ 1,313,638	\$ 970,007	\$ 1,660,153	\$ 1,293,607	\$ 1,718,664	\$ 1,675,542	\$ 1,307,461	\$ 1,530,284	\$ 1,990,358	\$ 2,720,404	\$ 4,399,372	\$ 3,289,598	\$ 3,536,903	\$ 4,127,183
Total Operating Expense	\$ 1,370,771	\$ 1,915,183	\$ 1,462,676	\$ 2,187,817	\$ 1,783,787	\$ 2,173,372	\$ 2,126,349	\$ 1,744,478	\$ 2,063,325	\$ 2,639,694	\$ 3,459,194	\$ 5,214,962	\$ 4,198,241	\$ 4,457,829	\$ 5,079,886
BALANCES															
KMIT Statutory Fund Balance	\$ 74,486	\$ 43,543	\$ 495,283	\$ (290,597)	\$ (285,429)	\$ (524,305)	\$ (306,963)	\$ 322,872	\$ 606,319	\$ 687,287	\$ (143,478)	\$ (1,280,895)	\$ 308,885	\$ 757,771	\$ 685,085
Accumulated Balance	\$ 74,486	\$ 118,029	\$ 613,312	\$ 322,715	\$ 37,286	\$ (487,019)	\$ (793,982)	\$ (471,110)	\$ 135,208	\$ 822,495	\$ 679,017	\$ (601,878)	\$ (292,993)	\$ 464,778	\$ 1,149,863

KMIT Profit and Loss

January 31, 2017

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2017	Total
	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Budget	Accrued To Date
REVENUE FUND											
Direct Premium Earned	\$ 5,193,427	\$ 5,213,859	\$ 4,442,326	\$ 4,484,533	\$ 4,853,835	\$ 5,460,344	\$ 5,261,044	\$ 5,157,928	\$ 441,109	\$ 5,052,000	\$ 81,726,362
Interest Income	\$ 81,601	\$ 52,768	\$ 72,925	\$ 70,104	\$ 71,861	\$ 107,601	\$ 128,600	\$ 163,558	\$ 11,347	\$ 130,000	\$ 2,560,524
Miscellaneous Income	\$ -	\$ -	\$ 1,441	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ 10,701
Total Operating Revenue	\$ 5,275,028	\$ 5,266,578	\$ 4,516,692	\$ 4,554,637	\$ 4,925,696	\$ 5,567,945	\$ 5,389,644	\$ 5,321,486	\$ 452,455	\$ 5,182,000	\$ 84,297,587
ADMINISTRATION FUND EXPENSE	\$ 956,351	\$ 1,022,328	\$ 958,139	\$ 932,029	\$ 1,004,265	\$ 1,068,793	\$ 1,094,168	\$ 1,179,311	\$ 147,834	\$ 1,244,000	\$ 17,813,974
CLAIMS FUND EXPENSE											
Claims Paid Expense	\$ 2,029,622	\$ 3,814,777	\$ 2,643,845	\$ 1,848,479	\$ 1,634,534	\$ 3,002,207	\$ 1,563,398	\$ 1,062,875	\$ 693	\$ -	\$ 46,343,729
Claims Paid Adjusting Expense	\$ 130,107	\$ 184,791	\$ 146,240	\$ 165,727	\$ 122,003	\$ 116,663	\$ 100,775	\$ 47,197	\$ -	\$ -	\$ 2,937,416
Claims Reserve Expense	\$ -	\$ 119,373	\$ 217,230	\$ 171,637	\$ 62,903	\$ 360,197	\$ 244,349	\$ 582,460	\$ 58,007	\$ -	\$ 2,442,570
Claims Reserves Adjusting Expense	\$ -	\$ 11,638	\$ 5,721	\$ 11,945	\$ 10,876	\$ 42,078	\$ 39,241	\$ 57,489	\$ 3,850	\$ -	\$ 235,043
IBNR Reserve Expense	\$ 173,594	\$ 89,733	\$ 32,067	\$ 75,292	\$ 379,647	\$ 511,620	\$ 1,630,809	\$ 2,055,963	\$ 270,454	\$ -	\$ 5,435,832
Excess Work Comp Insurance	\$ 341,935	\$ 351,375	\$ 336,966	\$ 337,595	\$ 395,128	\$ 432,750	\$ 456,352	\$ 474,781	\$ 39,697	\$ 480,000	\$ 6,482,477
Specific Recoverable Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (193,781)	\$ -	\$ -		\$ -	\$ (343,243)
Specific Recovery Expense	\$ -	\$ (43)	\$ -	\$ (9,965)	\$ -	\$ (306,219)	\$ -	\$ -		\$ -	\$ (2,144,455)
Aggregate Recoverable Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ (8,559)
Aggregate Recovery Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ (465,326)
Claims Fund Expense	\$ 2,675,257	\$ 4,571,644	\$ 3,382,069	\$ 2,600,710	\$ 2,605,092	\$ 3,965,514	\$ 4,034,925	\$ 4,280,765	\$ 372,701	\$ 480,000	\$ 60,915,484
Total Operating Expense	\$ 3,631,608	\$ 5,593,972	\$ 4,340,208	\$ 3,532,739	\$ 3,609,357	\$ 5,034,307	\$ 5,129,093	\$ 5,460,076	\$ 520,535	\$ 1,724,000	\$ 78,729,458
BALANCES											
KMIT Statutory Fund Balance	\$ 1,643,420	\$ (327,394)	\$ 176,484	\$ 1,021,898	\$ 1,316,339	\$ 533,638	\$ 260,551	\$ (138,590)	\$ (68,079)	\$ 3,458,000	\$ 5,568,129
Accumulated Balance	\$ 2,793,283	\$ 2,465,889	\$ 2,642,373	\$ 3,664,271	\$ 4,980,610	\$ 5,514,248	\$ 5,774,799	\$ 5,636,209	\$ 5,568,129		

KMIT Admin Expenses

January 31, 2017

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
	Closed	Closed	Closed	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date
GENERAL EXPENSES															
Agent Commissions	\$ -	\$ -	\$ -	\$ -	\$ 969	\$ 4,919	\$ 5,239	\$ 12,669	\$ 33,803	\$ 44,060	\$ 43,231	\$ 61,486	\$ 75,650	\$ 77,961	\$ 88,532
Directors and Officers Insurance	\$ -	\$ 489	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,367	\$ 18,542
Meetings/Travel	\$ -	\$ 6,971	\$ 976	\$ 5,318	\$ 1,206	\$ -	\$ 149	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contingencies/Miscellaneous	\$ -	\$ 8,984	\$ 2,596	\$ 3,913	\$ 5,357	\$ 11,585	\$ 6,020	\$ 18,223	\$ 26,103	\$ 28,939	\$ 41,820	\$ 23,173	\$ 66,332	\$ 33,865	\$ 26,155
Bank Fees	\$ 1,249	\$ 4,735	\$ 579	\$ 658	\$ 263	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,638
Write Off	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
LKM Clearing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Marketing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Office Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub Total	\$ 1,249	\$ 21,179	\$ 4,151	\$ 9,889	\$ 7,795	\$ 16,504	\$ 11,408	\$ 30,892	\$ 59,906	\$ 72,999	\$ 85,051	\$ 84,659	\$ 141,982	\$ 132,193	\$ 135,867
REGULATORY															
Kansas Insurance Dept (KID) Premium Tax	\$ 12,847	\$ 18,402	\$ 13,177	\$ 10,823	\$ 13,893	\$ 18,215	\$ 19,568	\$ 18,564	\$ 24,377	\$ 29,017	\$ 30,168	\$ 34,004	\$ 40,212	\$ 46,194	\$ 54,139
KID Pool Assessment	\$ 9,407	\$ -	\$ 5,372	\$ 3,470	\$ 3,798	\$ 1,855	\$ 2,693	\$ 4,355	\$ 3,341	\$ 5,983	\$ 2,844	\$ 3,900	\$ -	\$ 4,300	\$ 3,409
KID Workers Compensation Assessment	\$ 64,034	\$ 44,011	\$ 25,322	\$ 48,345	\$ 31,243	\$ 14,594	\$ 10,372	\$ 1,795	\$ 7,770	\$ 19,748	\$ 47,137	\$ 91,805	\$ 47,193	\$ 32,896	\$ 32,770
KID State Audit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
KDOL Annual Assessment Fee	\$ 9,073	\$ 15,053	\$ 12,410	\$ 42,620	\$ 38,730	\$ 44,396	\$ 40,094	\$ 30,875	\$ 34,311	\$ 39,671	\$ 57,221	\$ 71,959	\$ 81,690	\$ 85,338	\$ 87,022
Sub Total	\$ 95,360	\$ 77,466	\$ 56,281	\$ 105,257	\$ 87,664	\$ 79,060	\$ 72,727	\$ 55,589	\$ 69,799	\$ 94,418	\$ 137,371	\$ 201,667	\$ 169,095	\$ 168,728	\$ 177,340
CONTRACTURAL															
Financial Audit	\$ 4,603	\$ -	\$ 6,639	\$ 32,625	\$ 12,292	\$ 8,288	\$ 10,973	\$ 8,474	\$ 9,600	\$ 9,806	\$ 10,465	\$ 10,264	\$ 33,013	\$ 6,462	\$ 13,127
Actuarial	\$ -	\$ -	\$ 2,855	\$ 5,000	\$ 25,033	\$ 5,859	\$ 5,703	\$ 7,062	\$ 6,148	\$ 6,272	\$ 7,862	\$ 9,000	\$ 9,991	\$ 12,860	\$ 13,000
Risk Management	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,000	\$ 40,000	\$ 50,000	\$ 50,000	\$ 60,000	\$ 70,000
Risk Control	\$ -	\$ -	\$ 82,500	\$ 99,073	\$ 87,000	\$ 80,000	\$ 80,000	\$ 85,000	\$ 92,500	\$ 105,000	\$ 113,000	\$ 120,000	\$ 130,000	\$ 140,000	\$ 140,000
Claims Adjusting	\$ 298,447	\$ 312,500	\$ 194,842	\$ 105,470	\$ 100,000	\$ 105,000	\$ 110,000	\$ 110,000	\$ 125,000	\$ 135,000	\$ 140,000	\$ 140,000	\$ 150,000	\$ 165,000	\$ 165,000
Risk Analysis	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
POET	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pool Admin Services	\$ 77,478	\$ 190,400	\$ 145,400	\$ 170,350	\$ 170,396	\$ 159,996	\$ 159,996	\$ 140,000	\$ 160,000	\$ 176,000	\$ 193,000	\$ 200,000	\$ 210,000	\$ 220,000	\$ 220,000
Payroll Audits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,088	\$ 9,840	\$ 12,042	\$ -	\$ 14,562	\$ 15,684	\$ 18,370
Rating Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Web Hosting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Endorsement Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub Total	\$ 380,528	\$ 502,900	\$ 432,236	\$ 412,518	\$ 394,721	\$ 359,144	\$ 366,672	\$ 350,536	\$ 403,336	\$ 481,918	\$ 516,368	\$ 529,264	\$ 597,566	\$ 620,006	\$ 639,497
Administration Fund Expense	\$ 477,137	\$ 601,545	\$ 492,669	\$ 527,664	\$ 490,180	\$ 454,708	\$ 450,807	\$ 437,018	\$ 533,041	\$ 649,336	\$ 738,790	\$ 815,590	\$ 908,643	\$ 920,926	\$ 952,703

KMIT Admin Expenses

January 31, 2017

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2017	Total
	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Budget	Accrued To Date
GENERAL EXPENSES											
Agent Commissions	\$ 94,214	\$ 93,637	\$ 82,860	\$ 96,481	\$ 102,636	\$ 97,189	\$ 97,505	\$ 91,405	\$ -	\$ 95,000	\$ 1,204,446
Directors and Officers Insurance	\$ 15,857	\$ 15,942	\$ 16,038	\$ 16,488	\$ 17,224	\$ 15,956	\$ 15,667	\$ 15,970	\$ 1,328	\$ 17,000	\$ 169,868
Meetings/Travel	\$ -	\$ -	\$ 829	\$ 4,881	\$ 19,334	\$ 29,749	\$ 19,897	\$ 22,598	\$ 116	\$ 20,000	\$ 112,024
Contingencies/Miscellaneous	\$ 34,318	\$ 2,657	\$ 1,708	\$ 3,175	\$ 3,623	\$ 4,385	\$ 3,884	\$ 2,594	\$ 1,700	\$ 6,000	\$ 361,109
Bank Fees	\$ 2,758	\$ 9,239	\$ 5,776	\$ 4,159	\$ 7,528	\$ 4,460	\$ 5,998	\$ 5,433	\$ 6	\$ 8,000	\$ 55,479
Write Off	\$ -	\$ -	\$ (104)	\$ -	\$ -	\$ -	\$ -	\$ 464	\$ -	\$ -	\$ 360
LKM Clearing	\$ -	\$ -	\$ 60	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60
Marketing	\$ -	\$ -	\$ -	\$ 439	\$ 452	\$ 161	\$ 34	\$ 502	\$ -	\$ 2,000	\$ 1,588
Office Supplies	\$ -	\$ -	\$ -	\$ 1,112	\$ 1,830	\$ 3,732	\$ 4,485	\$ 6,176	\$ 2,201	\$ 9,000	\$ 19,535
Sub Total	\$ 147,147	\$ 121,475	\$ 107,167	\$ 126,735	\$ 152,627	\$ 155,632	\$ 147,469	\$ 145,142	\$ 5,351	\$ 157,000	\$ 1,924,469
REGULATORY											
Kansas Insurance Dept (KID) Premium Tax	\$ 48,525	\$ 49,030	\$ 40,919	\$ 43,445	\$ 44,349	\$ 51,057	\$ 47,827	\$ 46,831	\$ -	\$ 50,000	\$ 755,583
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	\$ 63,865	\$ 90,881	\$ 29,612	\$ 81,716	\$ 93,169	\$ 130,263	\$ 126,411	\$ 153,566	\$ -	\$ 200,000	\$ 1,459,946
Sub Total	\$ 144,229	\$ 201,115	\$ 152,145	\$ 125,161	\$ 137,518	\$ 181,320	\$ 174,237	\$ 200,398	\$ -	\$ 250,000	\$ 2,963,945
CONTRACTURAL											
Financial Audit	\$ 18,608	\$ 31,565	\$ 12,023	\$ 11,738	\$ 11,904	\$ 15,803	\$ 13,803	\$ 12,000	\$ -	\$ 27,000	\$ 304,075
Actuarial	\$ 13,750	\$ 14,000	\$ 14,000	\$ 14,250	\$ 14,250	\$ 15,000	\$ 14,500	\$ 15,000	\$ -	\$ 15,000	\$ 231,395
Risk Management	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 170,000	\$ 170,000	\$ 190,000	\$ 41,000	\$ 210,000	\$ 1,331,000
Risk Control	\$ 145,000	\$ 145,000	\$ 145,000	\$ 145,000	\$ 150,000	\$ 150,000	\$ 155,000	\$ 155,000	\$ 31,000	\$ 155,000	\$ 2,575,073
Claims Adjusting	\$ 175,000	\$ 195,000	\$ 185,000	\$ 185,000	\$ 185,000	\$ 185,000	\$ 205,000	\$ 205,000	\$ 42,000	\$ 210,000	\$ 3,918,259
Risk Analysis	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,671	\$ 14,651	\$ 27,647	\$ 825	\$ 15,000	\$ 52,794
POET	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,425	\$ 10,513	\$ 900	\$ 12,000	\$ 18,838
Pool Admin Services	\$ 225,000	\$ 225,000	\$ 230,000	\$ 230,004	\$ 75,600	\$ 81,900	\$ 98,560	\$ 99,360	\$ 8,520	\$ 102,000	\$ 3,866,960
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	\$ -	\$ -	\$ 86,734
Web Hosting	\$ -	\$ -	\$ 1,155	\$ 1,187	\$ 2,663	\$ 3,439	\$ 2,846	\$ 2,193	\$ 738	\$ -	\$ 14,221
Endorsement Fee	\$ -	\$ -	\$ -	\$ -	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 17,500	\$ 70,000	\$ 297,500
Sub Total	\$ 664,975	\$ 699,738	\$ 698,827	\$ 680,133	\$ 714,119	\$ 731,842	\$ 772,461	\$ 833,772	\$ 142,483	\$ 837,000	\$ 12,925,560
Administration Fund Expense	\$ 956,351	\$ 1,022,328	\$ 958,139	\$ 932,029	\$ 1,004,265	\$ 1,068,793	\$ 1,094,168	\$ 1,179,311	\$ 147,834	\$ 1,244,000	\$ 17,813,974

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

Kansas Municipal Insurance Trust
(Name of Company)

As of December 31, 2016
1st 2nd 3rd (4th) Quarter (CIRCLE ONE)

ASSETS	CURRENT FISCAL YEAR TO DATE 12/31/2016	PREVIOUS FISCAL YEAR END 12/31/2015 - Audited
Administrative fund:		
Cash	\$ 146,352	\$ 756,379
Claims fund:		
Cash	547,061	1,158,233
Investments	13,989,109	11,767,000
Premium contributions receivable	165	109,926
Excess insurance recoverable on claims payments	15,576	34,311
Interest income due and accrued	141,489	110,379
Receivable from affiliates		
Other assets:		
Agent Commissions Receivable	0	4,123
Prepaid Excess Insurance	181	
Prepaid Expenses	0	
Excess Insurance Premium Receivable	0	22,030
Less: Non Admitted Assets	(181)	0
Total Assets	\$ 14,839,753	\$ 13,962,381

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

Kansas Municipal Insurance Trust
(Name of Pool)

By:

Donna DuPuis 1/27/17
Don Garbaugh 1/26/17

Chair of Trustees

Administrator

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>CURRENT FISCAL YEAR TO DATE</u> 12/31/2016	<u>PREVIOUS FISCAL YEAR END</u> 12/31/2015 - Audited
Reserve for unpaid workers' compensation claims	\$ 2,203,338 \$	2,192,769
Reserve for unpaid claim adjustment expenses	243,711	222,647
Reserve for claims incurred but not reported	5,233,649	4,163,737
Unearned premium contribution	1,037,223	
Other expenses due or accrued		
Taxes, licenses and fees due or accrued	439,304	519,500
Borrowed money \$_____ and interest thereon \$_____		
Dividends payable to members		
Deposits on premium contributions		775,849
Excess insurance premium payable		
Payable to affiliates		
Accounts payable	46,500	46,000
Miscellaneous liabilities:		
Return Premium Payable		365,547
Total Liabilities:	\$ 9,203,725 \$	8,286,049
Special reserve funds:		
Total Special Reserve Funds		
<u>FUND BALANCE</u>		
Total Reserves and Fund Balance (Assets-Liabilities)	5,636,028 \$	5,676,332
Total Liabilities, Reserves and Fund Balance	\$ 14,839,753 \$	13,962,381

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

<u>SUMMARY OF OPERATIONS</u>	<u>CURRENT FISCAL YEAR TO DATE</u> 12/31/2016	<u>PREVIOUS FISCAL YEAR END</u> 12/31/2015 - Audited
Underwriting Income		
Direct Premium Contributions Earned	\$ <u>5,157,928</u>	\$ <u>5,260,880</u>
Deductions:		
Excess insurance premium incurred	<u>474,781</u>	<u>459,126</u>
Workers' compensation claims incurred	<u>3,598,036</u>	<u>3,419,718</u>
Claims adjustment expenses incurred	<u>227,388</u>	<u>156,405</u>
Other administrative expenses incurred	<u>1,061,404</u>	<u>1,110,070</u>
Total underwriting deductions	<u>5,361,609</u>	<u>5,145,319</u>
Net underwriting Gain or (Loss)	\$ <u>(203,681)</u>	\$ <u>115,561</u>
Investment income		
Interest income earned (Net of investment expenses)	<u>163,558</u>	<u>128,600</u>
Other income		
Other income	<u></u>	<u></u>
Net income before dividends to members	<u>(40,123)</u>	<u>244,161</u>
Dividends to members	<u></u>	<u></u>
Net income after dividends to members	<u>(40,123)</u>	<u>244,161</u>
Net Income(Loss)	\$ <u>(40,123)</u>	\$ <u>244,161</u>

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

<u>ANALYSIS OF FUND BALANCE</u>	<u>CURRENT FISCAL YEAR TO DATE</u>	<u>PREVIOUS FISCAL YEAR END</u>
	12/31/2016	12/31/2015 - Audited
Fund balance, previous period	\$ <u>5,676,332</u> \$	<u>5,432,171</u>
Net income (Loss)	<u>(40,123)</u>	<u>244,161</u>
Change in non-admitted assets	<u>(181)</u>	<u>0</u>
<u>Rounding</u>	<u></u>	<u></u>
<u>Change in Non Admitted Assets</u>	<u></u>	<u></u>
Change in fund balance for the period	<u>(40,304)</u>	<u>244,161</u>
Fund balance, current period	\$ <u>5,636,028</u> \$	<u>5,676,332</u>

Contract Year January 1, 2016 to December 31, 2016
KANSAS PREMIUM AND LOSS EXPERIENCE EXHIBIT
 1st 2nd 3rd 4th Quarter (circle one)

NAME OF KANSAS GROUP-FUNDED POOL Kansas Municipal Insurance Trust

LINE OF BUSINESS: Workers Compensation EXPERIENCE CURRENT AS OF December 31, 2016

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Current Injuries	Total Injuries	Contract Period	Direct Premium Earned	Excess Insurance Premium Incurred	Net Premiums Earned	Direct Losses Incurred	Loss Adj. Exp. Incurred	Loss & Loss Exp Incurred	Service Agent Fees Incurred	General Expenses Incurred	Taxes, Licenses & Fees Incurred	Total Expenses Incurred	Claims Ratios as a %	Admin. Ratios as a %	Investment Income Earned
					Col 4-5			Col 6+7				Col 10 + 11 + 12	Col 9 / Col 6	Col 13 / Col 6	
0	310	PCY 22	1,422,582	151,393	1,271,189	716,700	25,541	742,241	298,447	83,330	95,360	477,137	58.4%	37.5%	22,675
0	243	PCY 21	1,885,501	210,142	1,675,359	1,049,152	54,345	1,103,496	312,500	211,579	77,466	601,545	65.9%	35.9%	73,225
0	424	PCY 20	1,843,047	133,376	1,709,671	790,125	46,505	836,631	277,342	159,046	56,281	492,669	48.9%	28.8%	114,912
1	524	PCY 19	1,754,515	117,122	1,637,393	1,804,856	90,802	1,895,658	204,543	217,864	102,541	524,948	115.8%	32.1%	142,705
2	572	PCY 18	1,377,722	79,456	1,298,266	1,344,408	90,598	1,435,005	187,000	211,071	82,901	480,972	110.5%	37.0%	116,190
4	551	PCY 17	1,552,110	80,124	1,471,986	1,550,491	147,702	1,698,193	185,000	190,573	77,653	453,226	115.4%	30.8%	96,882
2	552	PCY 16	1,689,773	86,819	1,602,954	1,457,094	123,714	1,580,808	190,000	188,080	73,593	451,673	98.6%	28.2%	129,613
0	605	PCY 15	1,965,656	127,168	1,838,488	1,097,087	83,206	1,180,293	195,000	186,428	55,589	437,017	64.2%	23.8%	101,694
1	670	PCY 14	2,616,641	189,458	2,427,183	1,211,714	129,112	1,340,826	217,500	243,407	69,799	530,706	55.2%	21.9%	50,668
1	612	PCY 13	3,274,489	366,991	2,907,498	1,474,072	149,296	1,623,367	280,000	274,918	96,684	651,602	55.8%	22.4%	52,492
3	645	PCY 12	3,256,648	221,435	3,035,213	2,335,513	152,178	2,487,691	293,000	308,419	134,300	735,719	82.0%	24.2%	59,068
13	770	PCY 11	3,837,793	374,472	3,463,321	3,751,814	244,828	3,996,643	310,000	303,923	195,148	809,071	115.4%	23.4%	96,274
17	765	PCY 10	4,272,140	384,425	3,887,715	2,639,173	190,908	2,830,081	330,000	409,548	164,537	904,085	72.8%	23.3%	234,986
7	906	PCY 9	4,950,171	420,728	4,529,443	2,835,518	203,628	3,039,146	365,000	384,794	157,905	907,699	67.1%	20.0%	263,024
13	768	PCY 8	5,519,169	372,790	5,146,379	3,448,694	242,661	3,691,355	375,000	400,364	180,033	955,397	71.7%	18.6%	245,802
10	654	PCY 7	5,193,427	341,935	4,851,492	2,044,849	131,394	2,176,243	390,000	422,122	158,861	970,983	44.9%	20.0%	81,601
16	666	PCY 6	5,213,859	351,375	4,862,484	3,933,073	196,429	4,129,502	410,000	411,213	218,444	1,039,657	84.9%	21.4%	52,768
7	635	PCY 5	4,442,326	336,966	4,105,361	2,861,075	151,960	3,013,036	400,000	374,349	211,548	985,897	73.4%	24.0%	72,925
6	598	PCY 4	4,484,533	337,595	4,146,938	1,985,151	177,672	2,162,823	400,000	407,086	174,669	981,755	52.2%	23.7%	70,104
5	696	PCY 3	4,853,835	395,128	4,458,707	1,697,437	132,879	1,830,317	580,600	286,205	112,977	979,782	41.1%	22.0%	71,861
13	742	PCY 2	5,460,344	432,750	5,027,594	3,051,185	153,076	3,204,261	596,571	291,845	383,143	1,271,559	63.7%	25.3%	107,601
13	724	PCY 1	5,261,044	456,352	4,804,692	1,769,982	140,009	1,909,992	628,560	291,393	190,117	1,110,070	39.8%	23.1%	128,600
137	749	CCY	5,157,928	474,781	4,683,147	1,672,906	112,756	1,785,662	649,360	329,553	82,491	1,061,404	38.1%	22.7%	163,558

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.

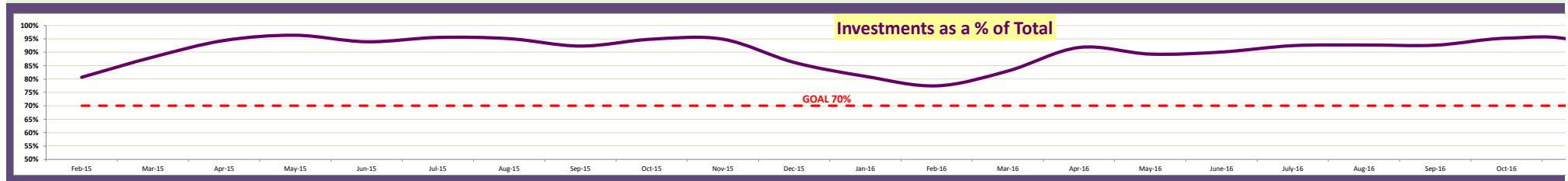
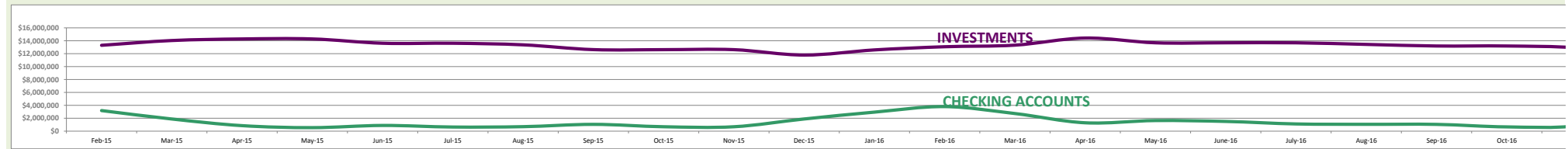
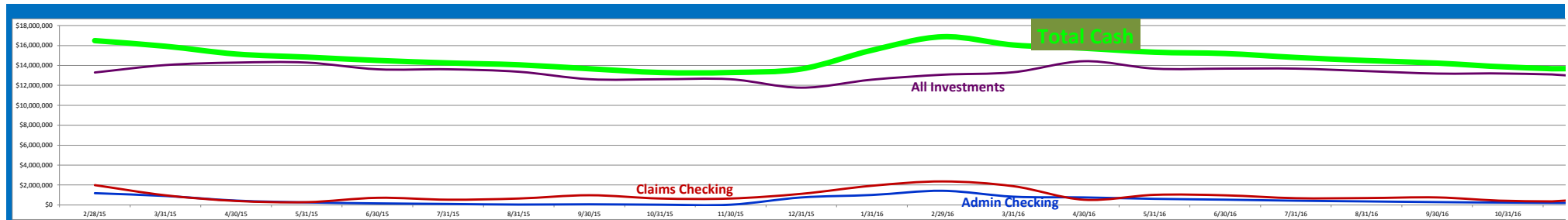
KMIT Cash/Investment Summary

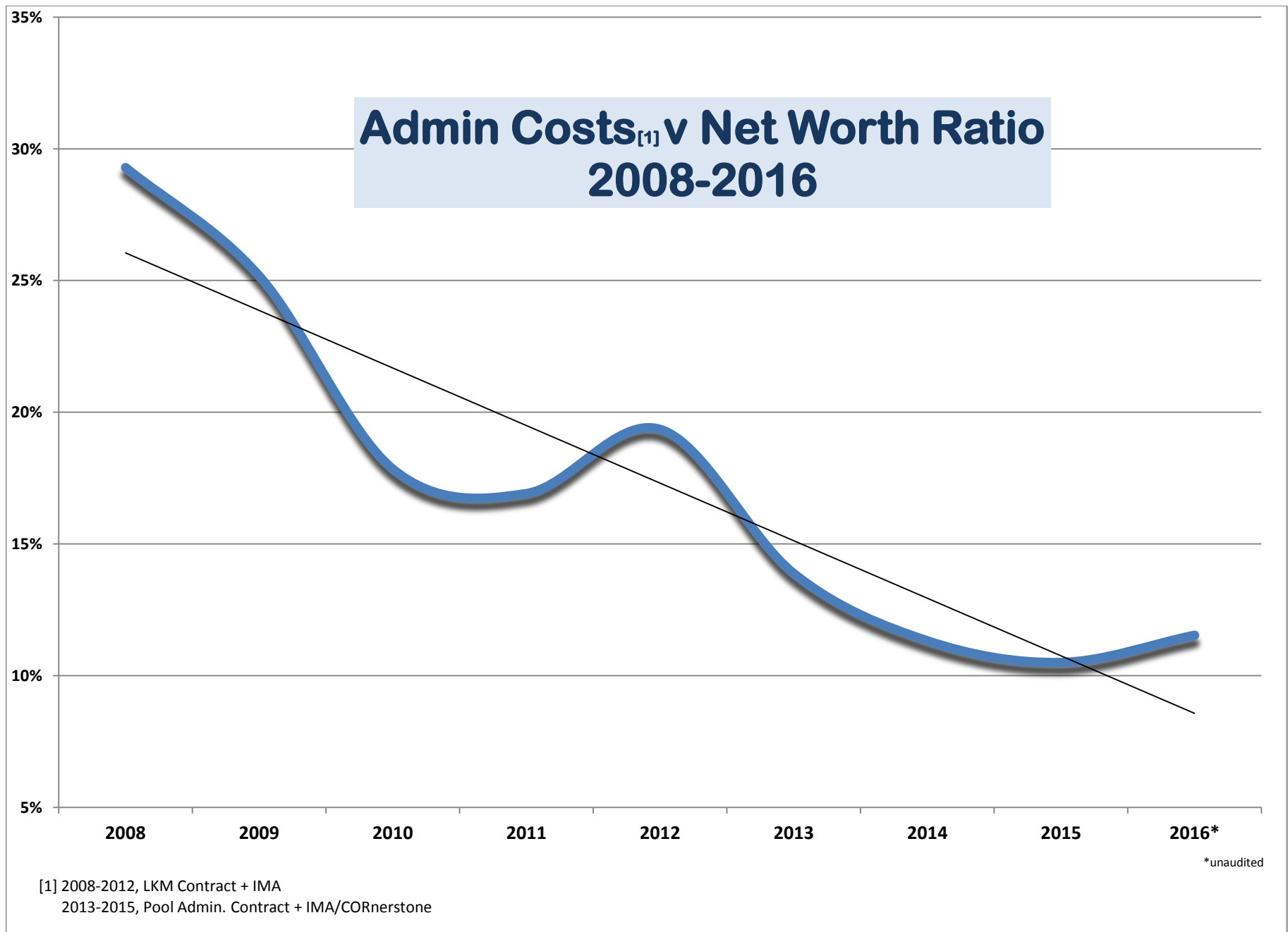
February 28, 2015--January 31, 2017

	2/28/15	3/31/15	4/30/15	5/31/15	6/30/15	7/31/15	8/31/15	9/30/15	10/31/15	11/30/15	12/31/15	1/31/16	2/29/16	3/31/16	4/30/16	5/31/16	6/30/16	7/31/16	8/31/16	9/30/16	10/31/16
KMIT Admin Fund (KAF)																					
Admin Account	1,187,182	902,626	438,126	252,742	157,676	99,363	38,155	66,032	26,315	26,316	756,379	1,007,808	1,429,800	834,738	758,995	614,962	530,728	428,163	354,802	283,967	234,079
Admin Checking	1,187,182	902,626	438,126	252,742	157,676	99,363	38,155	66,032	26,315	26,316	756,379	1,007,808	1,429,800	834,738	758,995	614,962	530,728	428,163	354,802	283,967	234,079
KMIT Claims Fund (KCF)																					
Claims Account	1,892,656	876,616	370,486	85,164	617,158	292,834	437,404	927,412	620,803	620,803	916,848	1,873,340	2,184,922	1,739,923	333,513	953,807	654,244	598,584	574,353	566,173	372,993
TPA Claims Checking Account	105,088	101,161	42,536	206,337	110,386	244,843	219,388	58,669	35,387	35,387	210,174	63,920	184,669	152,171	200,914	71,336	321,905	89,682	127,454	199,161	52,523
Claims Checking	1,997,744	977,777	413,022	291,500	727,544	537,677	656,792	986,081	656,190	656,190	1,127,022	1,937,260	2,369,591	1,892,094	534,427	1,025,144	976,150	688,266	701,807	765,335	425,515

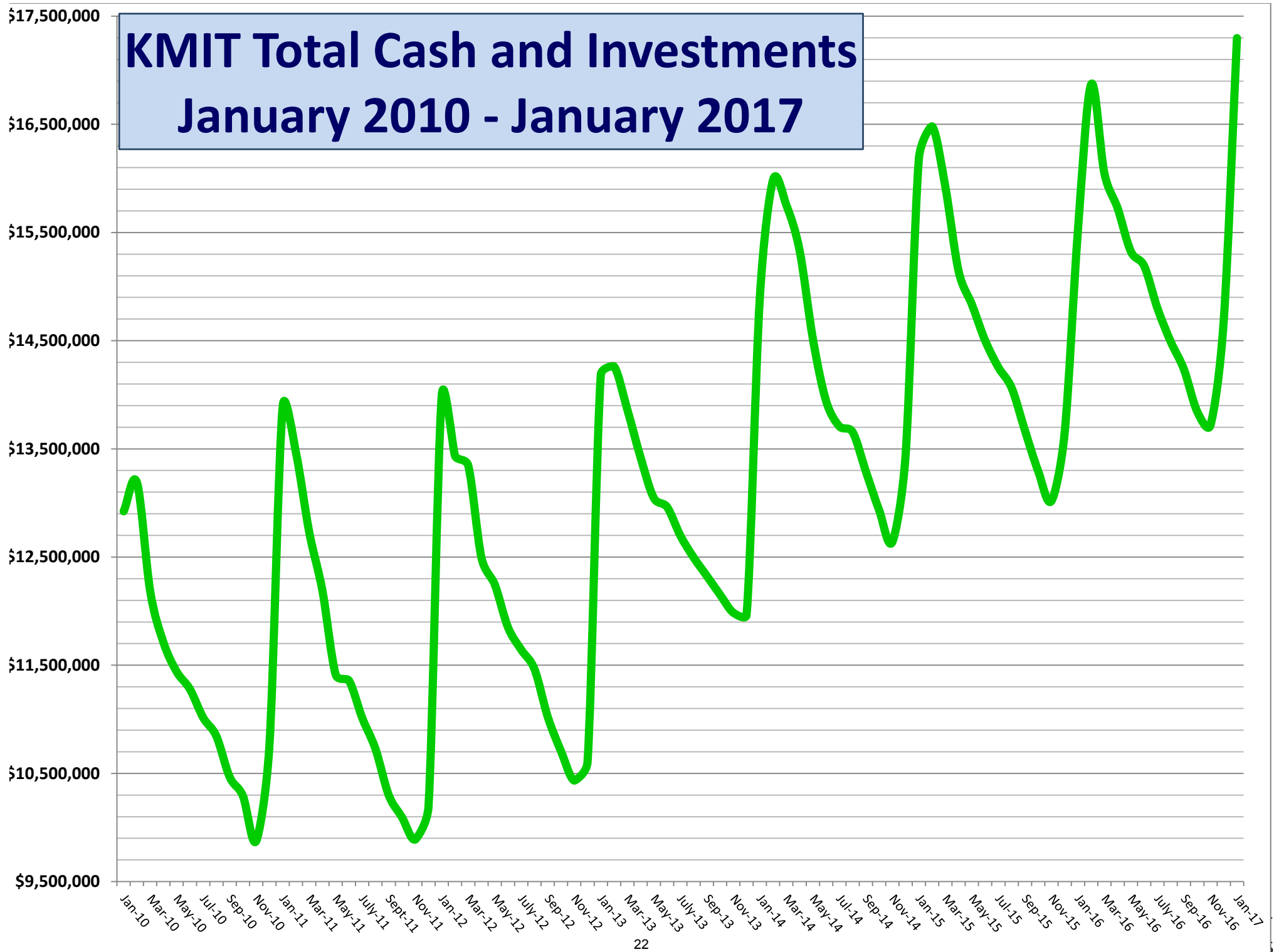
INVESTMENTS																					
All Investments	13,296,000	14,041,000	14,291,000	14,291,000	13,617,000	13,617,000	13,369,000	12,619,000	12,613,000	12,613,000	11,767,000	12,573,000	13,071,000	13,320,000	14,430,000	13,684,000	13,684,000	13,684,000	13,435,000	13,186,000	13,186,000

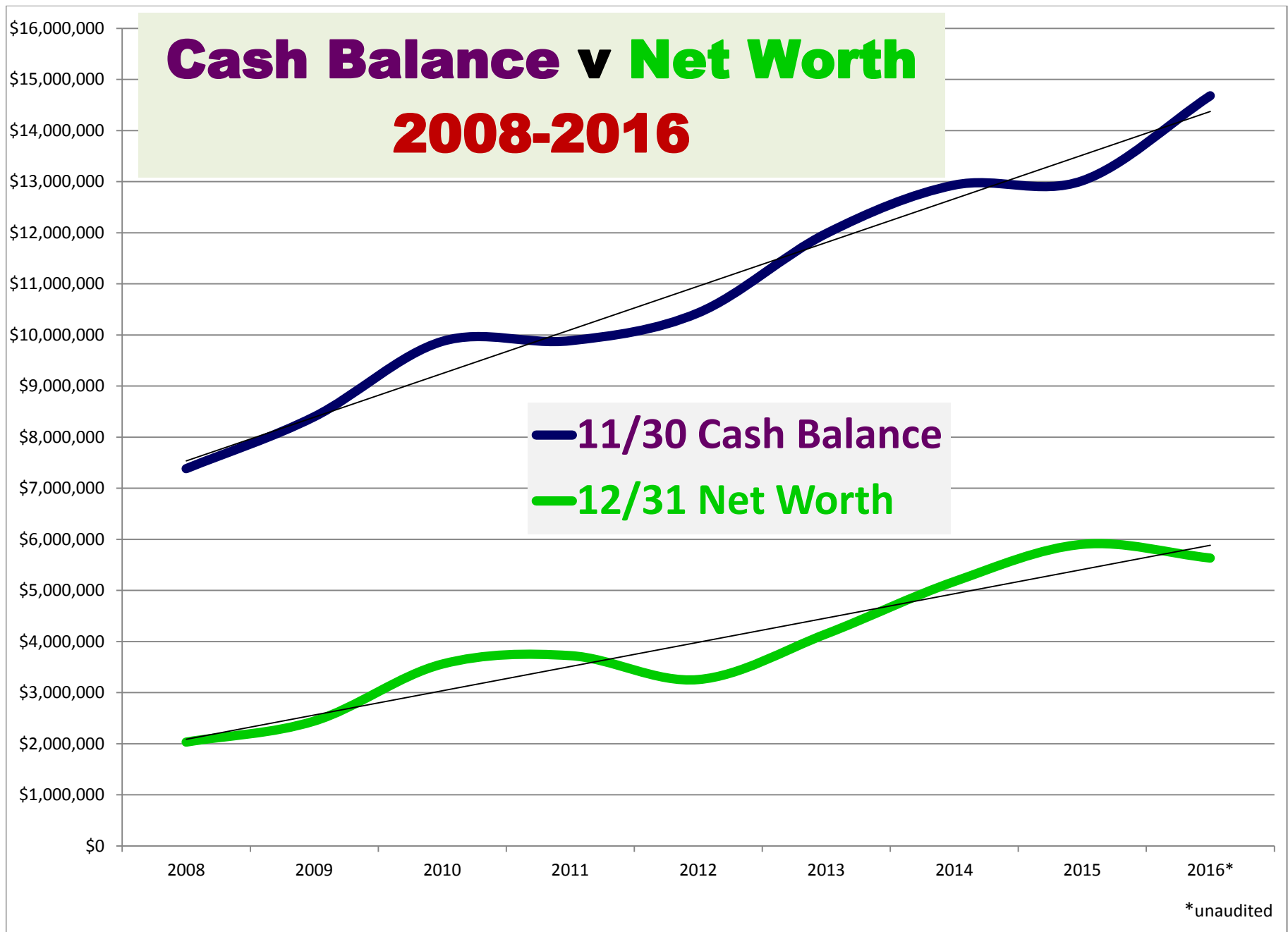
TOTAL CASH	16,480,926	15,921,403	15,142,148	14,835,243	14,502,220	14,254,040	14,063,947	13,671,112	13,295,505	13,295,506	13,650,401	15,518,067	16,870,392	16,046,832	15,723,422	15,324,105	15,190,878	14,800,429	14,491,609	14,235,302	13,845,595
	2/28/15	3/31/15	4/30/15	5/31/15	6/30/15	7/31/15	8/31/15	9/30/15	10/31/15	11/30/15	12/31/15	1/31/16	2/29/16	3/31/16	4/30/16	5/31/16	6/30/16	7/31/16	8/31/16	9/30/16	10/31/16



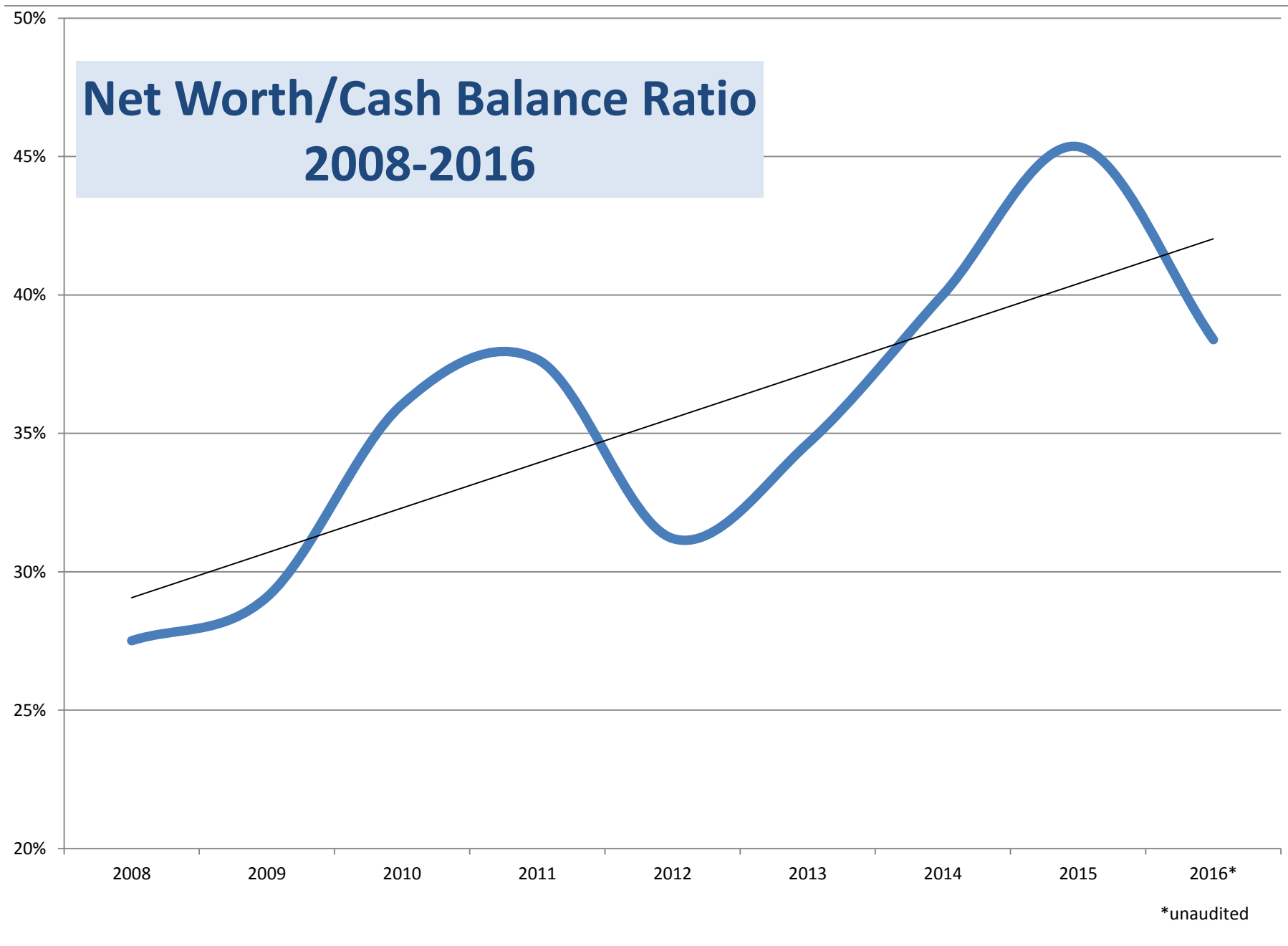


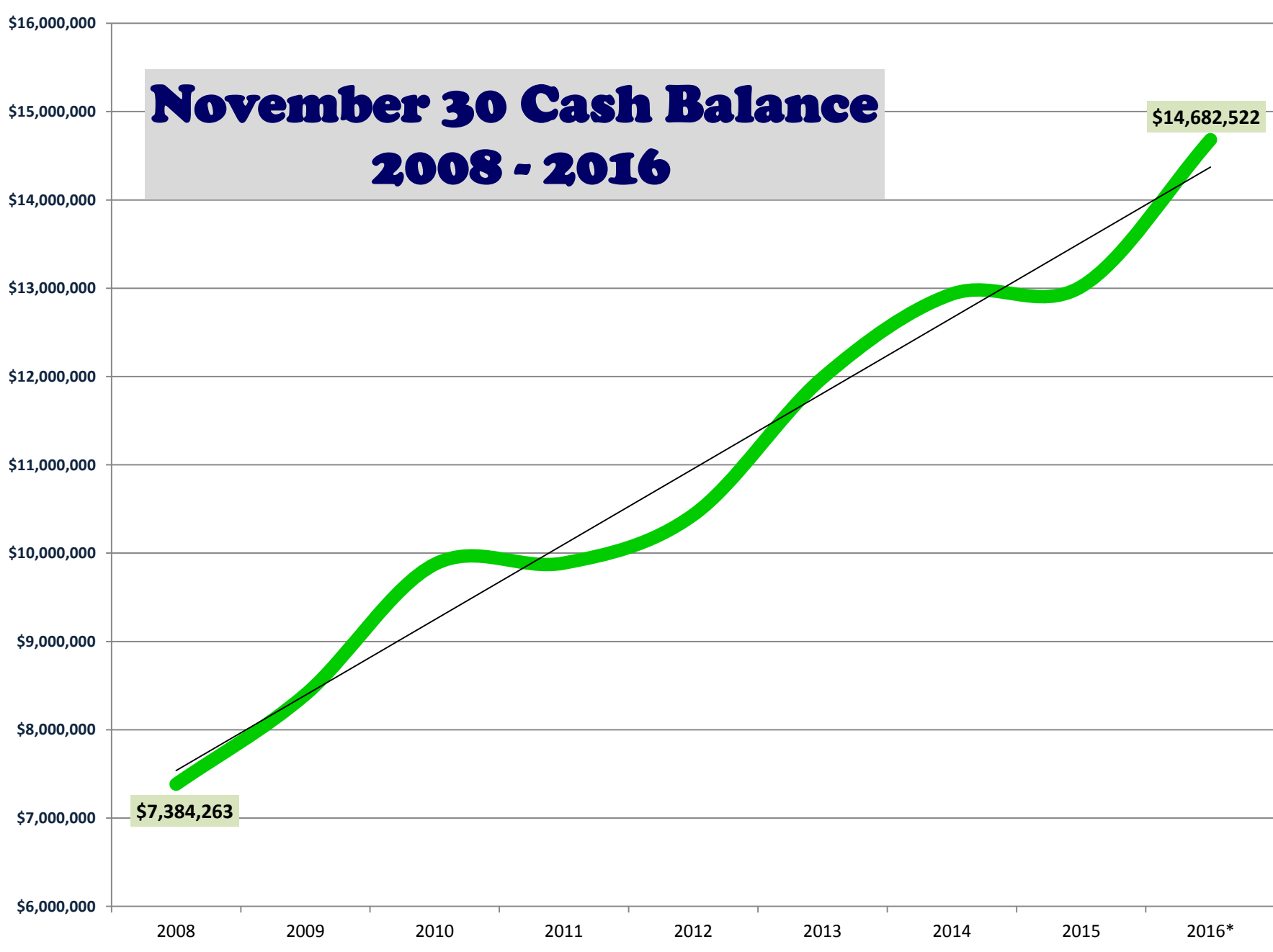
KMIT Total Cash and Investments January 2010 - January 2017





Net Worth/Cash Balance Ratio 2008-2016





CLAIM SUMMARY-RESERVE INCREASE

Employer: City of Edwardsville
Claim No.: 2016073948
Employee Age: 58
AWW: \$
Attorneys: Employee -NA
Adjuster: Amanda Chamberland

Date of Injury: 5/21/16
Job Description: Treasurer
Updated: 1/4/17
TTD Rate: \$
Employer -NA

	Medical	Indemnity	Expense	Total
Reserves	\$20,000.00	\$0.00	\$5,000.00	\$25,000.00
Amount Paid	\$1,790.63	\$0.00	\$26.80	\$1,817.43
Outstanding	\$18,209.37	\$0.00	\$4,973.20	\$23,182.57

Accident Description/Nature of Injury:

- Claimant was throwing waste material into dumpster and a 2x4 piece of wood bounced back and hit her in the jaw.

Investigation/Compensability

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

Medical Management

- Her complaints have been headaches, dizziness , pain with chewing and yawning. Her diagnosis is TMJ. Medical management nurse retained due to unusual nature of injury and her fear of dentists. Due diligence revealed Dr. Raman to be the most recommended specialist for her care and she has been referred to him for care.

Periods of Disability

- No lost time to date

Permanent Partial Impairment/Permanent Disability

- No impairment expected.

Subrogation/Other Issues

- No subrogation or contribution expected. Two other issues we faced were 1) she was working as volunteer for city at the time of accident and 2) her fear of dentists.

Plan of Action:

- We will follow-up after each doctor's appointment to keep track of her recovery. No impairment anticipated so will close file when she is deemed MMI.

CLAIM SUMMARY-RESERVE INCREASE

Employer: City of Hoisington
Claim No.: 2016072925
Employee Age: 53
AWW: \$1,1317.99
Attorneys: Employee -NA
Adjuster: Gene Miller

Date of Injury: 1/11/2016
Job Descriptions: Public Works
Updated: 1/30/2017
TTD Rate: \$610.00
Employer -NA

	Medical	Indemnity	Expense	Total
Prev. Reserves	\$3,000.00	\$0.00	\$100.00	\$3,100.00
New Reserves	\$35,000.00	\$15,000.00	\$2,000.00	\$52,000.00
Amount Paid	\$16,413.02	\$3,485.71	\$1,462.53	\$21,361.26
Outstanding	\$18,586.98	\$11,514.29	\$537.47	\$30,638.74

Accident Description/Nature of Injury:

- Claimant was stepping over a snow fence at a construction site and fell on his right shoulder.

Investigation/Compensability

- The accident was reported the same day and injury accepted as compensable.

Medical Management

- Conservative care failed and he was referred to Dr. Fleske. A MRI revealed and surgery performed 4/22/16.

Periods of Disability

- 4/22/16 to 5/31/16

Indemnity

- TTD: No additional consideration.
- PPD: Reserves reflect 9% shoulder.

Subrogation/Other Issues

- Claimant had a prior surgery to this shoulder in 2006 and we will make sure the impairment from that surgery is not included in the most recent rating.

Plan of Action:

- The disability rating has been requested from Dr. Fleske. Once received calculations will be made, settlement authority obtained if necessary, settlement negotiations commenced to include all aspects, Division approval obtained and file closed.

CLAIM SUMMARY-RESERVE INCREASE

Employer: City of Pittsburgh

Claim No.: 2015072704

Employee Age: 31

AWW: \$376.06

Attorneys: Employee Y-Bill Phalen

Adjuster: Gene Miller

Date of Injury: 11/24/2015

Job Description: Waste Water Dept

Updated: 2/2/2017

TTD Rate: \$550.60

Employer Y-Ron Laskowski

	Medical	Indemnity	Expense	Total
Prev. Reserves	\$1,200.00	\$0.00	\$100.00	\$1,300.00
New Reserves	\$27,500.00	\$9,000.00	\$1,200.00	\$37,700.00
Amount Paid	\$25,280.83	\$524.37	\$403.23	\$26,208.43
Outstanding	\$2,219.17	\$8,475.63	\$796.77	\$11,491.57

Accident Description/Nature of Injury:

- Claimant was lowering a camera down a manhole. His gloves were wet, pole slipped and when he regained control his right shoulder was jerked, injuring same.

Investigation/Compensability

- Two week delay in reporting but was able to confirm accident details and injury accepted as compensable.

Medical Management

- He treated conservatively with occupational doctor but symptoms remained. Referred to orthopedic Dr. Stringer who ordered dye-enhanced MRI which revealed superior labral tear and impingement syndrome. His shoulder was arthroscopically repaired 3/11/2016. Early return to work was achieved 3/28/16 with the city's accommodation.

Periods of Disability

- 3/11/16 to 3/27/16

Indemnity

- TTD: No consideration for farther TTD benefits.
- PPD: Reserves reflect 10% shoulder.

Subrogation/Other Issues

- No source subrogation or contribution

Plan of Action:

- He retained an attorney about the time he was released from care. Dr. Stringer rated him at 5% shoulder but it is anticipated that his attorney will present a rating from another doctor.
- We will negotiate a full/final settlement of all issues, obtain Division approval and close file.



Kansas Insurance Department

Ken Selzer, CPA, Commissioner of Insurance

November 2, 2016

William L. Townsley III
Fleeson, Gooing, Coulson & Kitch
PO Box 997
Wichita, Kansas 67201

Re: [REDACTED] v. City of Newton
Docket No.: 1,036,644

Dear Mr. Townsley:

Enclosed please find a State of Kansas Warrant in the amount of \$53,998.50, payable to Kansas Municipal Insurance Trust. This Warrant represents payment to your client pursuant to the Director's October 3, 2016, Certification. Also enclosed is a Receipt and Release which we ask that you sign and return to our office thereby acknowledging receipt of the enclosed warrant and releasing the Fund from any further liability.

Should you have any questions regarding the above, please feel free to give me a call at (785) 296-2189. Thank you for your attention to this matter.

Sincerely,

WORKERS' COMPENSATION FUND

Debbie Johnson
Legal Assistant

Enclosures

NOV - 4 2016

Insurance Department

STATE OF KANSAS

Check Date: 10/31/2016

Vendor Number: 0000517733

Check No: 2003757218

Voucher ID Invoice Number

Invoice Date

Paid Amount

V1713358

10/27/2016

53,998.50

R 56656 :

Questions? Telephone your state agency contact or, if unknown (785) 296-1840

Total
Paid Amount

\$ 53,998.50

THE BACK OF THIS WARRANT CONTAINS A SECURITY MARK - DO NOT ACCEPT WITHOUT HOLDING AT AN ANGLE TO VERIFY SECURITY MARK

SMART

STATE OF KANSAS

2003757218

Department of Administration

Date: 10/31/2016

To the Treasurer of State: Topeka, Kansas

Pay Amount

\$ 53,998.50

VALID FOR AMOUNT ONLY

Fifty Three thousand Nine hundred Ninety Eight dollars and 50 cents

Pay to the KANSAS MUNICIPAL INSURANCE TRUST
Order of PMB 355

Bus Unit
33100

Cash Immediately - Void One Year From Date of Issue

Delvin Hill
Ron Estes
State Treasurer

2003757218 101101154 30 999 911

AMERICAN FAMILY INSURANCE GROUP
6000 AMERICAN PKWY
MADISON WI 53783-0001



+0000001 CLM-SCAN
CORNERSTONE RISK SOLUTIONS
9393 W 110TH ST STE 600
OVERLAND PARK KS 66210-1465

AMERICAN FAMILY INSURANCE GROUP
EXPLANATION OF REMITTANCE

CLAIM 00-825-060996-0327 NUMBER 0100950961 TIN xxxxxxxx TYPE Loss Claim
PRODUCER 047658

IN PAYMENT OF A LOSS OCCURRING ON 05/30/2016
FILE: 2016073990 [REDACTED]

PAYMENT INFORMATION DETAIL

[REDACTED]
BODILY INJURY LIABILITY

\$13,614.63

COMMENTS RETURN TO MCT011

DETACH AND REFER TO THIS STUB IF CORRESPONDING ON THIS CLAIM.
IF QUESTIONS CALL 1-800-MYAMFAM.

C-31943

THIS INSTRUMENT IS VOID IF MULTICOLORED BACKGROUND IS ABSENT - THE FACE AND BACK OF THIS DOCUMENT HAS MULTIPLE SECURITY FEATURES

C-23797

AMERICAN FAMILY INSURANCE GROUP - MADISON, WISCONSIN

U.S. BANK NATIONAL ASSOCIATION - WWW.USBANK.COM
WAUSAU, WISCONSIN

79-1160
759

0100950961

OFFICE 021 - EDEN PRAIRIE S CS V

CLAIM NO. 00-825-060996-0327 POLICY NO. 15-BU6563-01

DATE 02/02/2017

PAY TO THE CORNERSTONE RISK SOLUTIONS
ORDER OF

AMOUNT \$***13,614.63

PAY THIRTEEN THOUSAND SIX HUNDRED FOURTEEN 63/100 DOLLARS

INSURED IBARRA, ESTEBAN & ROSA GUTIERREZ

POLICY ISSUED BY AMERICAN FAMILY MUTUAL INSURANCE COMPANY, S.I.

CHIEF FINANCIAL OFFICER, TREASURER

PRESIDENT

⑈0100950961⑈ ⑈0759116031⑈ 182380185567⑈

AMERICAN FAMILY INSURANCE GROUP
6000 AMERICAN PKWY
MADISON WI 53783-0001



+0000001 CLM-SCAN
CORNERSTONE RISK SOLUTIONS LLC
PO BOX 2992
WICHITA KS 67201-2992

AMERICAN FAMILY INSURANCE GROUP
EXPLANATION OF REMITTANCE

CLAIM 00-825-060996-0300 NUMBER 0100849894 TIN xxxxx8764 TYPE Loss Claim
PRODUCER 047658
IN PAYMENT OF A LOSS OCCURRING ON 05/30/2016

PAYMENT INFORMATION DETAIL

MEDICAL EXPENSE

\$5,000.00

COMMENTS reimbursement for [REDACTED]

DETACH AND REFER TO THIS STUB IF CORRESPONDING ON THIS CLAIM.
IF QUESTIONS CALL 1-800-MYAMFAM.

C-31943

THIS INSTRUMENT IS VOID IF MULTICOLORED BACKGROUND IS ABSENT - THE FACE AND BACK OF THIS DOCUMENT HAS MULTIPLE SECURITY FEATURES

C-23797

AMERICAN FAMILY INSURANCE GROUP - MADISON, WISCONSIN

U.S. BANK NATIONAL ASSOCIATION - WWW.USBANK.COM
WAUSAU, WISCONSIN

79-1160
759

0100849894

OFFICE 017 - DENVER CAS 2 V

CLAIM NO. 00-825-060996-0300

POLICY NO. 15-BU6563-01

DATE 01/04/2017

PAY TO THE CORNERSTONE RISK SOLUTIONS LLC
ORDER OF

AMOUNT \$****5,000.00

PAY FIVE THOUSAND 00/100 DOLLARS

INSURED IBARRA, ESTEBAN & ROSA GUTIERREZ

Daryl J. Kelly
CHIEF FINANCIAL OFFICER/TREASURER

Jack Sabatelli
PRESIDENT

POLICY ISSUED BY AMERICAN FAMILY MUTUAL INSURANCE COMPANY, S.I.

BUREAU PROPERTY & CASUALTY INSURANCE COMPANY

THIS CHECK IS FOR:

P & C CLAIMS - ALL LINES
INSURED KIRK STANLEY

ADJ: Lance Hoopingarner

RONALD J LASKOWSKI P A
6342 SW 21ST STREET SUITE 101
Topeka KS 66615

POLICY # 0000000007746523
DATE OF LOSS 01/27/2015
CLAIM # A102278P00
CHECK NUMBER 0101327440
CHECK DATE 01/09/2017
CHECK AMT \$55,000.00

Unit at Risk	Coverage	Narrative	Amount
8P04 2015 GMC ACADIA	BI	Bodily Injury	\$55,000.00

ORIGINAL DOCUMENT HAS A WHITE REFLECTIVE WATERMARK ON THE BACK. HOLD AT AN ANGLE TO VIEW. DO NOT CASH IF NOT PRESENT.

BUREAU PROPERTY & CASUALTY INSURANCE COMPANY

University Avenue; West Des Moines, Iowa 50266-5950

07746523 D/L 01/27/2015 CLAIM A102278P00

D KIRK STANLEY CLAIMANT

Lance Hoopingarner
Bodily Injury

Five Thousand and 00/100ths Dollars

Ronald J Laskowski, P. A. AND
AND Kansas Municipal Insurance

U.S. BANK
56-503/422

01/09/2017

0101327440

\$55,000.00
DOLLAR FIVE FIVE COMMA ZERO ZERO ZERO PERIOD ZERO ZERO

\$55,000.00

VOID OVER \$55,000.00
VOID IF NOT CASHED WITHIN 180 DAYS

Donald J. Laskowski

KMIT Risk Control Valued as of 1/31/2017

Comparison by Year

Policy Year	Severity	Frequency
2011	\$3,013,036	635
2012	\$2,187,823	598
2013	\$1,830,317	696
2014	\$3,214,925	742
2015	\$1,947,764	724
2016	\$1,750,021	767
2017	\$62,550	29

2017 by Month

Month	Severity	Frequency
January	\$62,550	29
Totals	\$62,550	29

2017 by Department

Department Name+	Severity	Frequency
Fire	\$16,950	10
Electric	\$15,600	3
All Other	\$10,500	1
Police	\$10,400	8
Maintenance	\$2,600	2
Public Works	\$2,600	2
Parks	\$1,300	1
Sanitation	\$1,300	1
Water	\$1,300	1
Totals	\$62,550	29

2017 by Accident Type

Accident Type	Severity	Frequency
Occupational Hazard	\$20,850	13
Fall or Slip	\$16,900	4
Strain or Injury By	\$15,700	5
Cut/Puncture/Scrape	\$3,900	3
Foreign Body in Eye	\$1,300	1
Miscellaneous	\$1,300	1
Occupational Hazards: Rep. Motion	\$1,300	1
Robbery or Criminal Assault	\$1,300	1
Totals	\$62,550	29

**2017 Claims Over \$10,000
Valued as of 1/31/2017**

Rank	Accident Date	City	Department	Accident Type	Current Cost
1	1/16/2017	Russell	Electric	Fall or Slip	\$13,000
2	1/19/2017	Atchison	Miscellaneous	Strain or Injury By	\$10,500
				Total Cost of All \$10K+ Claims:	\$23,500
				Avg. Cost of All \$10K+ Claims:	\$11,750

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

*Amended – effective October 7, 2012**

In consideration of the mutual covenants contained herein, this **inter-local** 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 **designated** by the KMIT Board of Trustees.
- 2.3 Agreement. The Bylaws and Interlocal Cooperation Agreement for the Kansas Municipal Insurance Trust.
- 2.4 Board of Trustees or Board. The Board of Trustees of the Trust.
- 2.5 Bylaws. The Bylaws and Interlocal Cooperation Agreement for the Kansas Municipal Insurance Trust.
- 2.6 Contributions. Amounts paid by members to receive the benefits of the Trust.
- 2.7 Member. A Kansas municipality which adopts this Agreement and becomes a member of the Trust.

2.8 Municipality. Any Kansas city and the League of Kansas Municipalities.

2.9 Pool. The Kansas Municipal Insurance Trust.

2.10 Representative. The person designated pursuant to Section 11.1b to be a member's official representative for the purposes of the Trust.

2.11 Trust. The Kansas Municipal Insurance Trust.

2.12 Trustee. A person serving on the Board.

ARTICLE 3. Purposes.

3.1 The purposes of this Agreement are to:

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

ARTICLE 4. Creation of Trust.

4.1 There is hereby created the Kansas Municipal Insurance Trust as a separate legal public entity, constituting an interlocal governmental agency as provided by law. The Trust shall continue in effect until dissolved in accordance with this Agreement.

4.2 The Trust is formed, financed, organized, and shall operate in accordance with the provisions of this Agreement. This Agreement constitutes the bylaws of the Trust.

4.3 The Trust may sue and be sued.

4.4 In accordance with the provisions of the Interlocal Cooperation Act, this Agreement shall be submitted to the Attorney General to determine whether it is in proper form and compatible with the laws of Kansas, and to such other state officers encompassed by this Agreement, as may be required by the Interlocal

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

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

ARTICLE 5. Members.

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

ARTICLE 6. Board of Trustees.

- 6.1 The Board shall be composed of eleven persons elected by the members, each of whom shall be a representative of a different member.
- 6.2 ~~The Administrator shall have the right to attend and participate fully in discussions during all meetings of the Board of Trustees in an ex-officio, non-voting capacity, and shall not be considered a Trustee. The Administrator 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 terms. However, this term limitation shall not include the initial term of office (January 1994 through October 1994).

6.5 A vacancy shall occur on the Board when a Trustee:

- a. Submits a written resignation to the Board.
- b. Dies.
- c. Ceases to be a Member Representative.
- d. Fails to attend three consecutive regular meetings of the Board without the Board having entered upon its minutes an approval for an additional absence or absences, except that such additional absence or absences shall be excused for temporary mental or physical disability or illness.
- e. Is removed by the members pursuant to Article 10.
- f. Is convicted of a felony.
- g. The Board shall have the power to suspend any trustee who fails to resign for cause as stipulated in Article 6.5 (c), (d) and (f) until such time as removal is approved by KMIT members pursuant to Article 10.

6.6 Any vacancy in the position of Trustee will be filled by majority vote of the remaining Trustees until the next annual meeting of the members, at which time the members shall elect a person to fill the vacancy for the unexpired term.

6.7 No Trustee may be an owner, officer, or employee of any service agent or representative, as provided in K.S.A. 12-2627, and amendments thereto. Each Trustee must be a resident of Kansas.

ARTICLE 7. Officers, meetings, procedures.

7.1 The officers of the Board shall be: president, vice-president, and treasurer. The Board shall establish the powers and duties of each officer, consistent with this Agreement. The vice-president may exercise the powers of the president in the absence of the president. Officers shall be elected by and from the Trustees, at the first Board meeting following each annual meeting of the members.

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

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

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

reinsurance, or any combination thereof, or otherwise provide for the funding of coverage provided by or through the Trust, as the Board deems appropriate.

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

related to risk management.

- t. Establish from time to time the address where the books and records of the Trust will be maintained.

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

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

~~9~~—

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 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. Notice to be contained within each Summer and Fall editions of Comp Control...one hard copy of which must be mailed to each member municipality
 - b. The president of the Board shall preside at the meeting.

- c. Fifty-one percent of the membership or 15 members present at a meeting shall constitute a quorum to conduct business.
- d. Proxy voting shall not be allowed.
- e. Each member shall be entitled to one vote, to be cast by its representative.
- f. The location of meetings of members will be as determined from time to time by the Board.

ARTICLE 11. Obligations of Members.

11.1 Members shall have the obligation to:

- a. Pay promptly all contributions and other payments to the Trust at such times and in such amounts as shall be established in accordance with this Agreement, including any interest and penalties for late payment as may be required by a policy adopted by the Board.
- b. Designate in writing a representative and one or more alternate representatives for the members' meetings. Each representative and alternate representative must be an elected officer, appointed officer, or employee of a member and must be appointed by majority vote of the governing body of the member to be the member's official representative for the purposes of the Trust. An alternate representative may exercise all the powers of a representative during a member meeting, in the absence of the representative.
- c. Allow the Trust and its Administrator, agents, contractors, employees and officers reasonable access to all facilities of the member and all records required for the administration of the Trust and implementation of this Agreement.
- d. Cooperate fully with the Trust's attorneys and Administrator, and any other agent, contractor, employee or officer of the Trust in activities relating to the purposes and powers of the Trust.
- e. Provide information requested by the Trust, its Administrator, and any other agent, contractor, employee or officer of the Trust, as reasonably required for the administration of the Trust.
- f. Allow the Trust, and attorneys and others designated by the Trust, to represent the member in the investigation, settlement and litigation of any

claim within the scope of loss protection furnished by or through the Trust.

- g. Follow the claims, loss reduction and prevention, and risk management policies and procedures established by the Board. The Trust does not assume any duty the member may have to provide safe facilities, equipment, machinery, or operational procedures for its employees or the public.
 - h. Report to the Trust, in the form and within the time required by the Board, all incidents or occurrences which could reasonably be expected to result in the Trust being required to consider a claim.
 - i. Report to the Trust, in the form and within the time required by the Board, the addition of new programs and facilities or the significant reduction or expansion of existing programs and facilities or other acts.
- 11.2 It shall be the express obligation of every member of the Trust to comply with the workers' compensation laws of the State of Kansas and such laws shall govern the duties of employers and the liabilities to employees of the members of the Trust.

ARTICLE 12. Withdrawal or non-renewal of members.

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

reinsurance policy of the Trust, and the Act.

ARTICLE 13. Cancellation of membership.

- 13.1 A member which terminates its membership in the League of Kansas Municipalities shall, on the date of such termination, have its membership in the Trust automatically canceled.
- 13.2 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.
- 13.3 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.
- 13.4 Cancellation of membership shall be in addition to any other remedy which may exist.
- 13.5 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 those municipalities which become members of the Trust. The terms of this contract may be enforced in court by the Trust or by any of its members.
- 16.2 Except as provided in this Agreement and to the extent of the financial contributions to the Trust agreed to herein or such additional obligations as may come about through amendments to this Agreement, no member agrees or contracts herein to be held responsible for any claims made against any other

member. The contracting parties intend in the creation of the Trust to establish an organization to operate only within the scope herein set out and have not herein created as between member and member any relationship of partnership, surety, indemnification, or responsibility for the debts of or claims against any other member, except that, to the extent required by the Act, all members of the Trust shall be jointly liable for the payment of claims to the extent of the assets of the Trust.

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

Board nor any other person or entity is authorized to incur liabilities or obligations or enter into contracts on behalf of the members.

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

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

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

By: _____

Print Name: _____

Title: _____

Date: _____

ATTEST:

By: _____

Print Name: _____

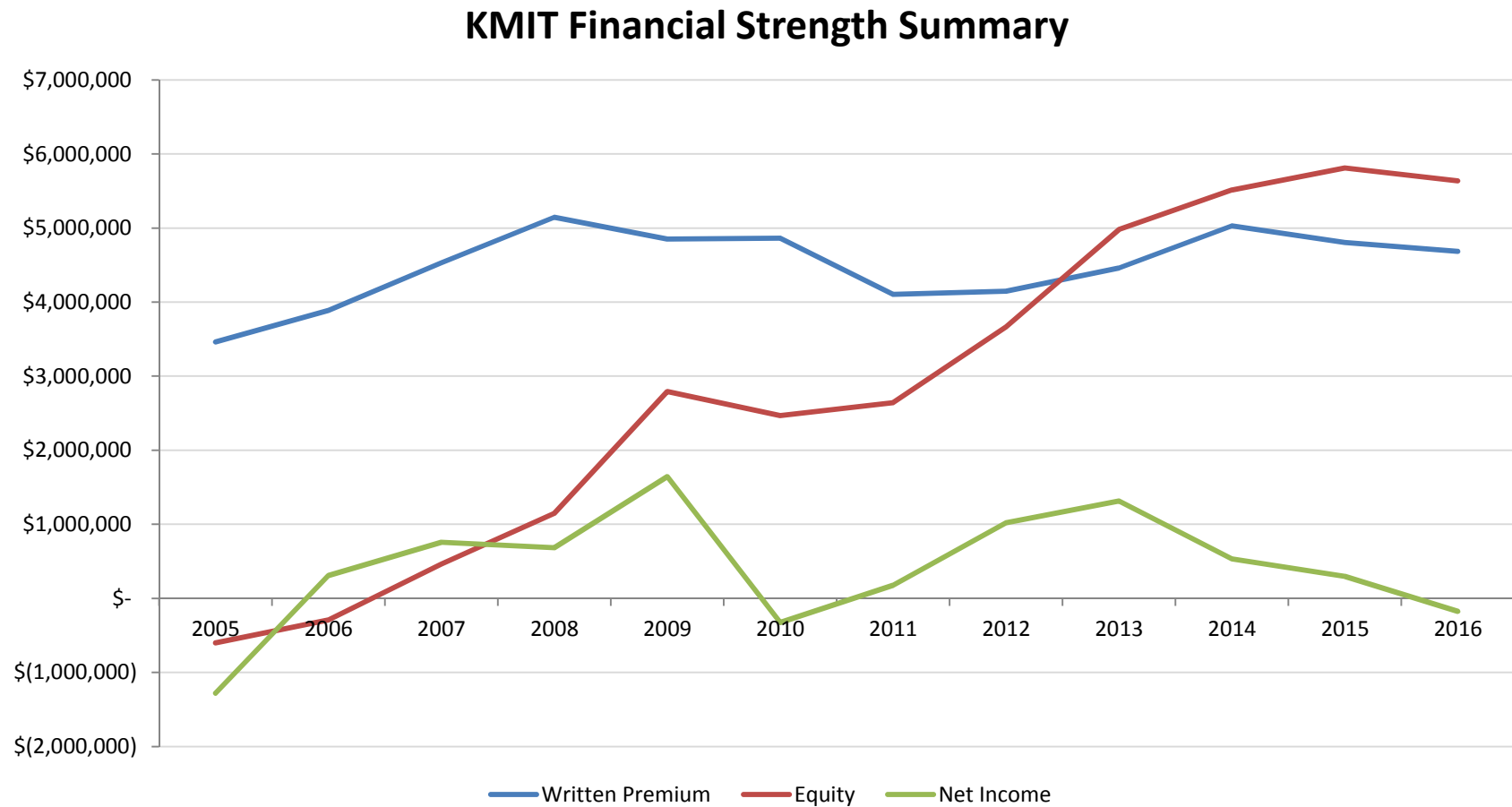
Title: _____

Date: _____

*The original KMIT By-Laws were amended on October 7, 1996, October 8, 2001, and October 7, 2012.

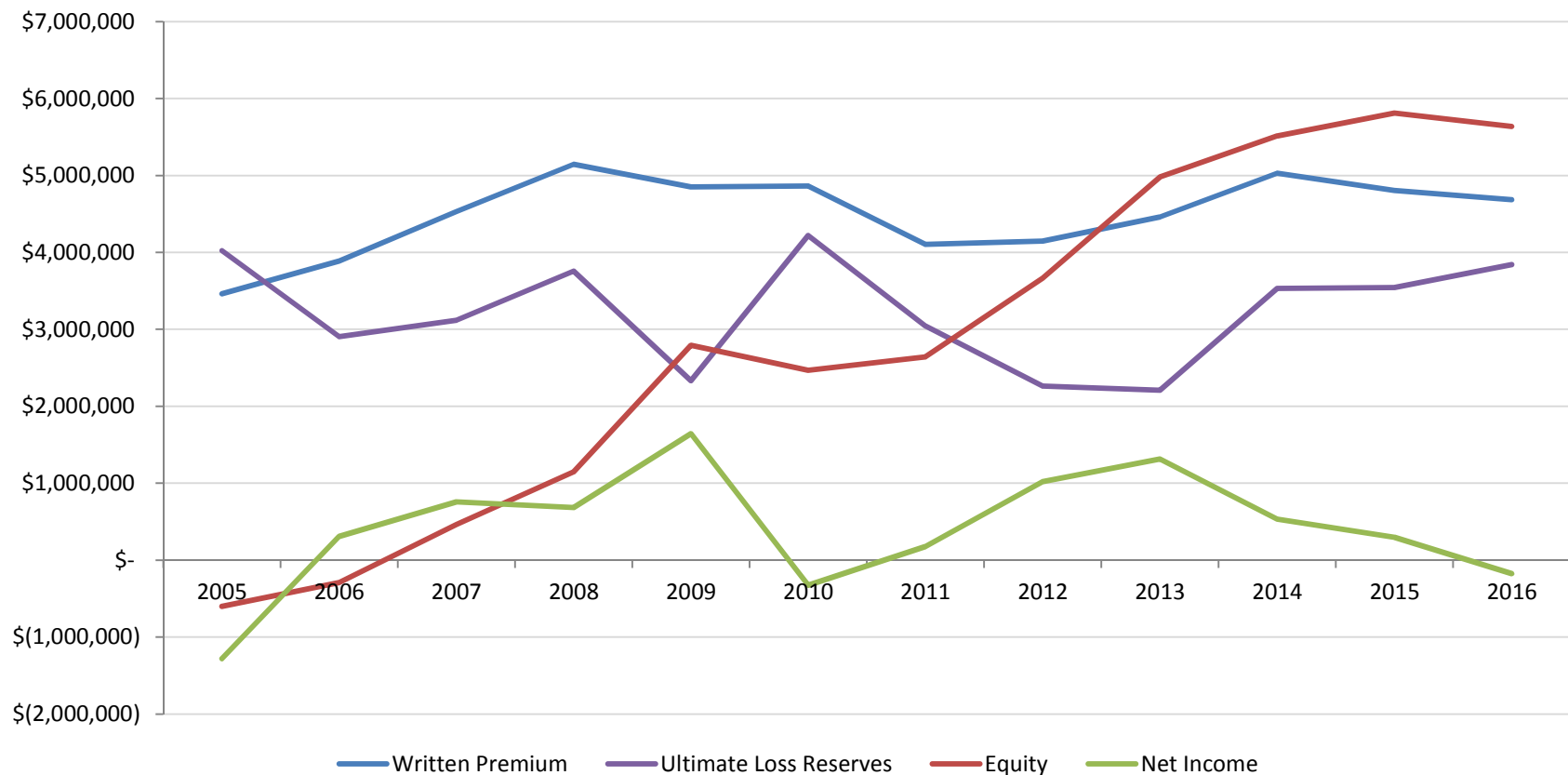
Pool Performance History

Without Ultimate Loss Reserves



With Ultimate Loss Reserves

KMIT Financial Strength Summary



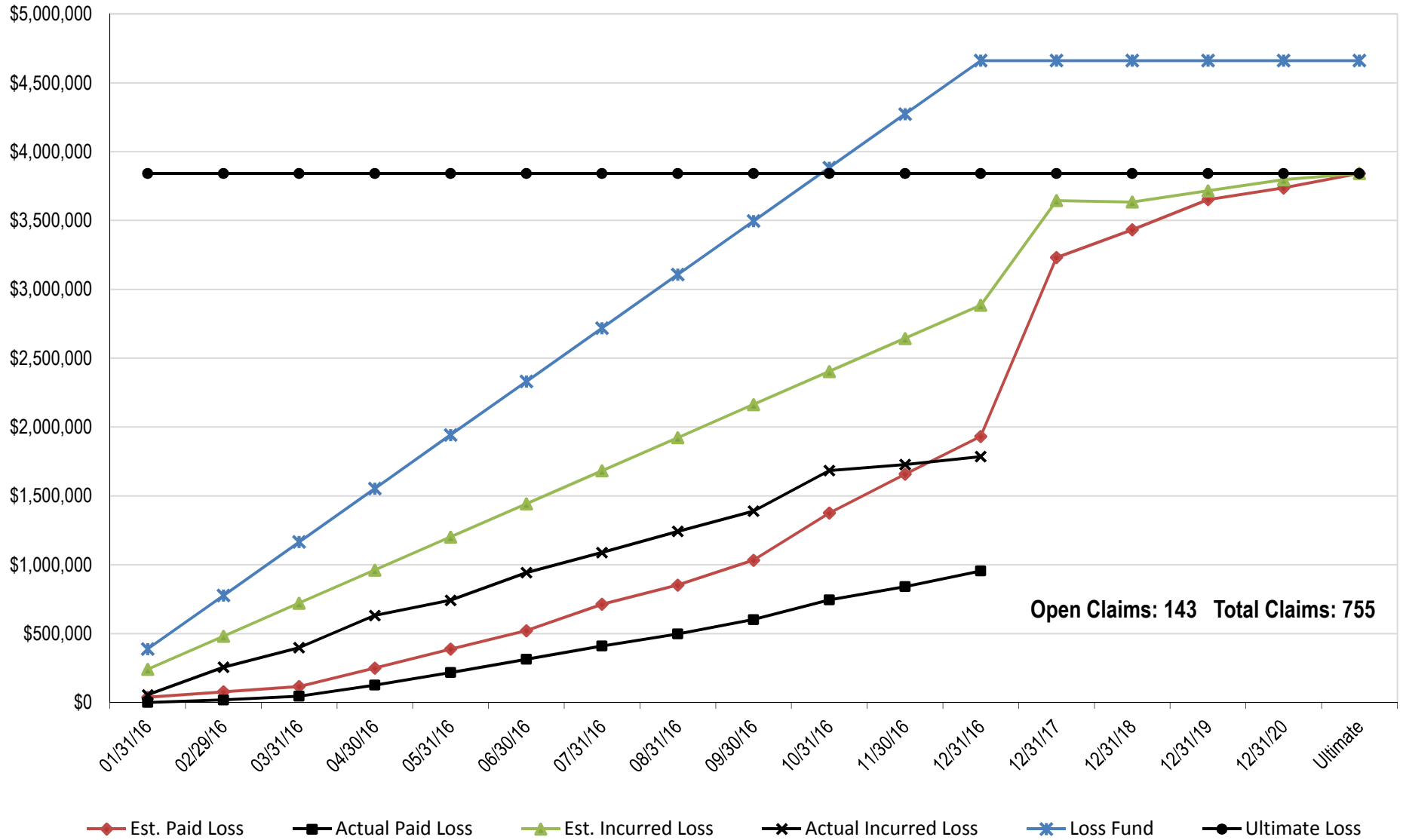
Policy Year Performance Review

2012 – 2016 Policy Years
(Valued as of 12/31/2016)

Kansas Municipal Insurance Trust

2016 Policy Year Performance

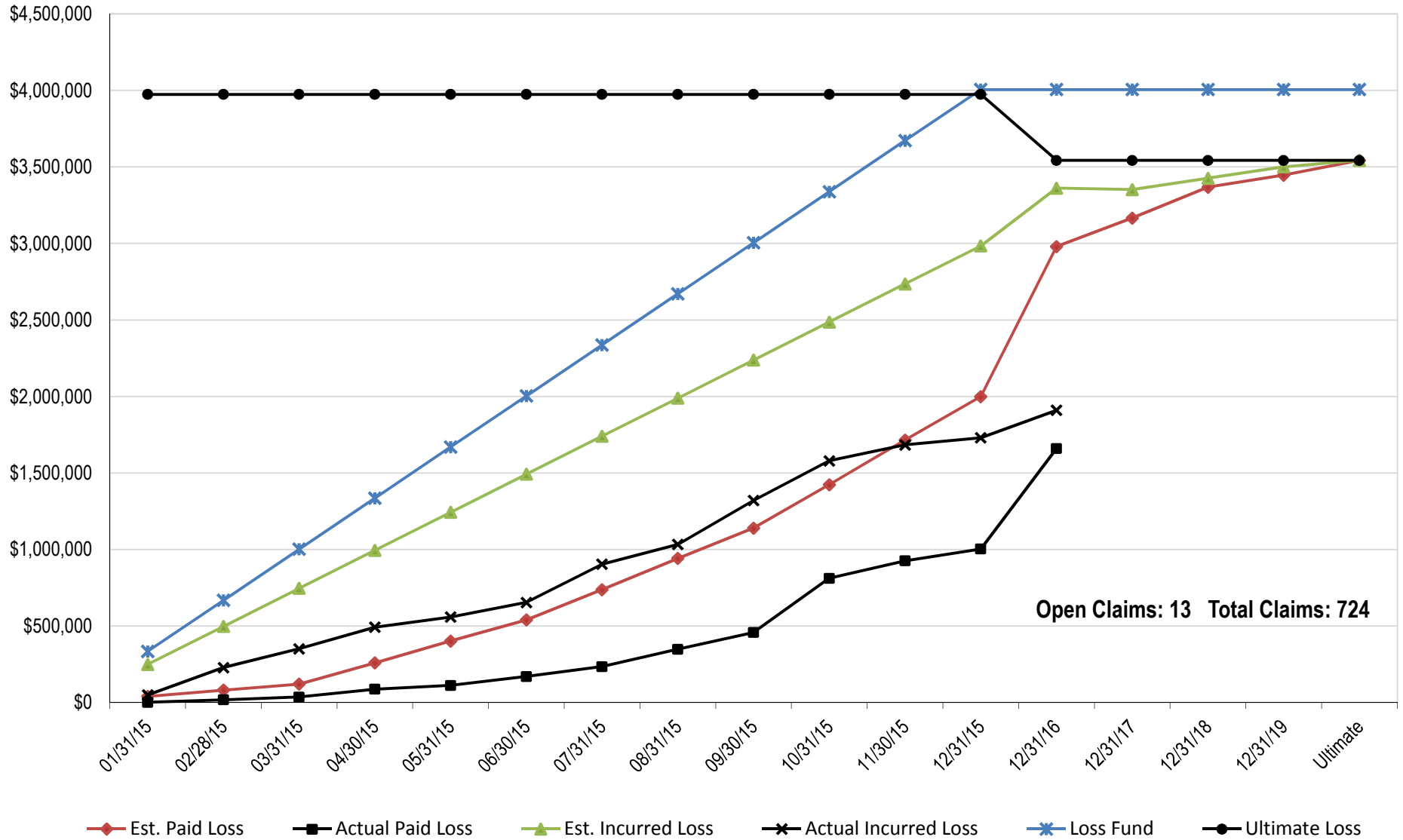
Valued as of 12/31/2016



Kansas Municipal Insurance Trust

2015 Policy Year Performance

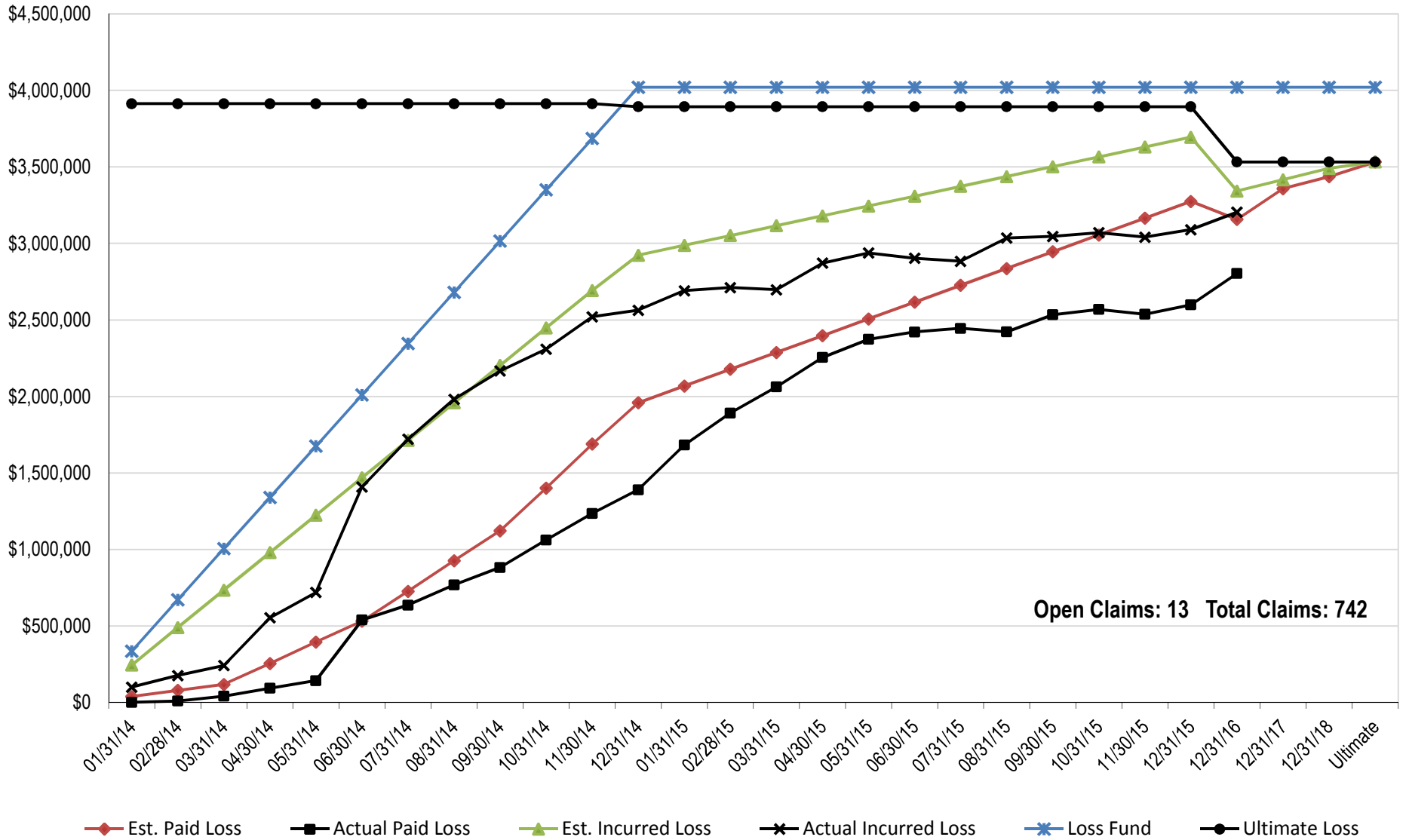
Valued as of 12/31/2016



Kansas Municipal Insurance Trust

2014 Policy Year Performance

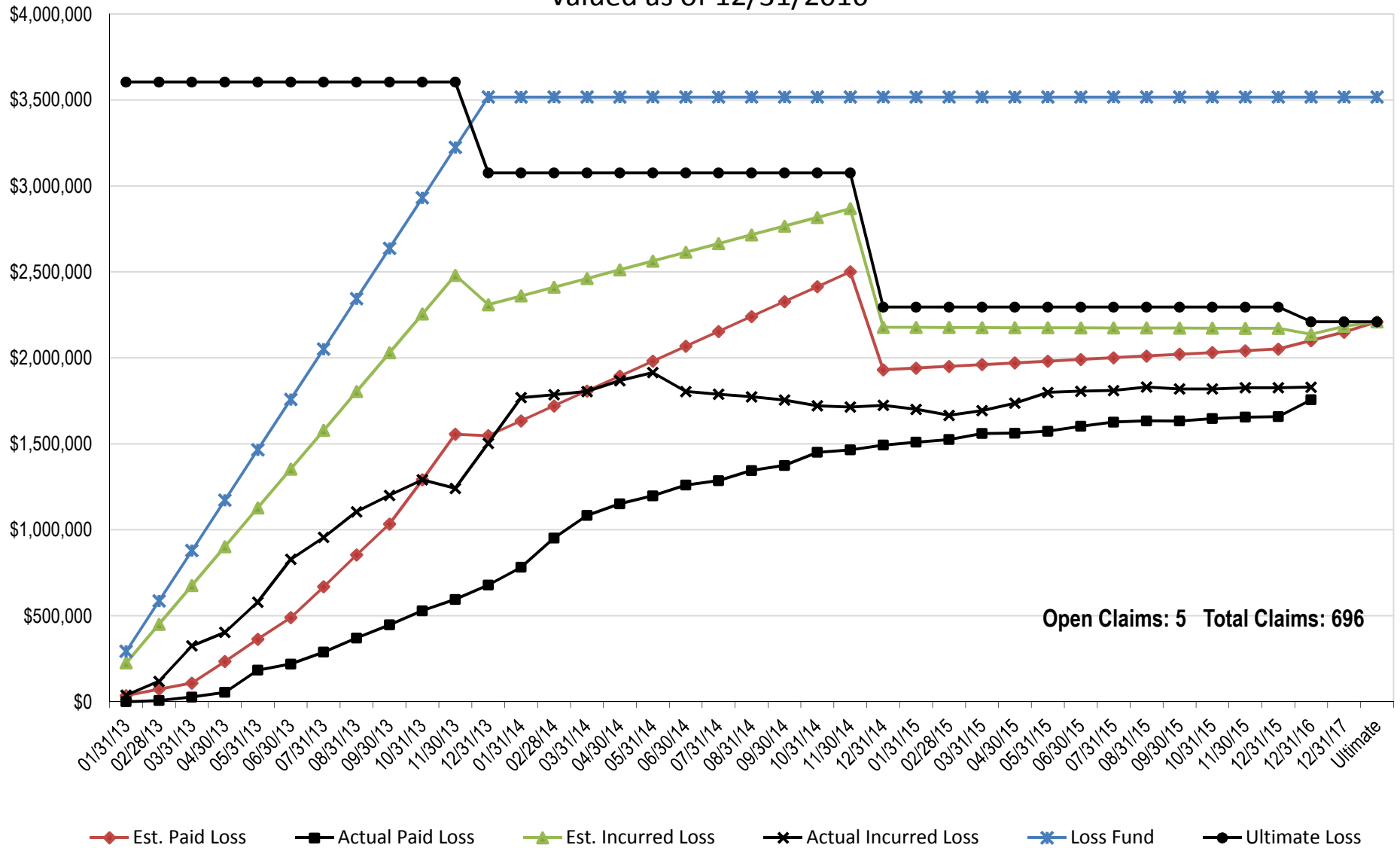
Valued as of 12/31/2016



Kansas Municipal Insurance Trust

2013 Policy Year Performance

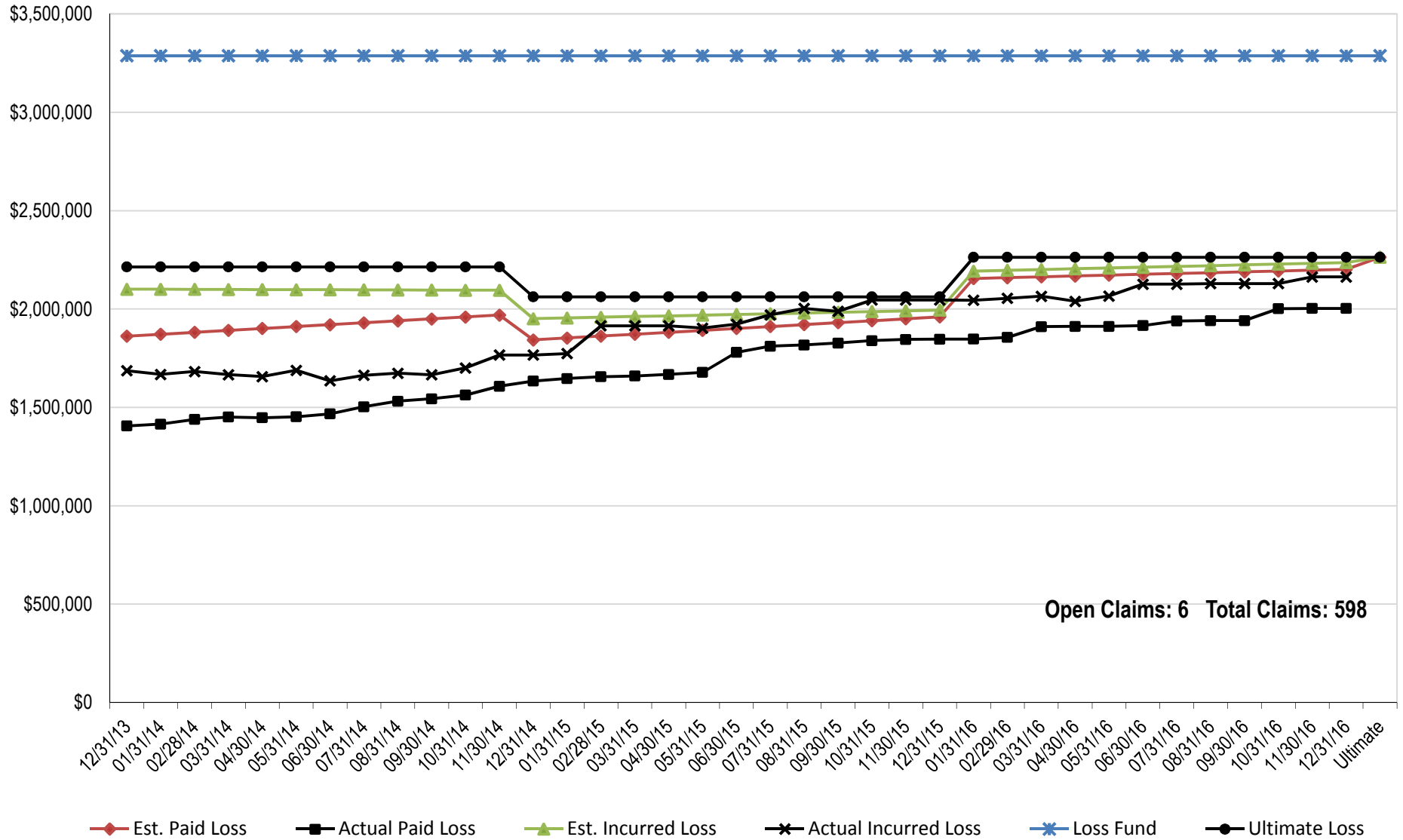
Valued as of 12/31/2016



Kansas Municipal Insurance Trust

2012 Policy Year Performance

Valued as of 12/31/2016



2017 Market Review/Action Plan

KMIT St Pop		2014 est'd					Notes
Mkt	Rank	City	Population	KMIT	KERIT	Other	
1	15	Dodge City	28,117	1			re-joined 1/1/17 (charter member, 1/1/94-12/31, joined 1/1/13)
2	16	Garden City	27,004	1			
3	17	Junction City	24,665		1		
4	18	Emporia	24,560			1	current 'suspect' (self-insured)
5	19	Derby	23,234	X	1		left KMIT 12/31/10 (charter member)
6	20	Prairie Village	21,877		1		
7	21	Hays	21,044	1			
8	22	Liberal	21,012			1	last quoted in 2016 (fourth time quoted...every 3
9	23	Gardner	20,667		1		
10	24	Pittsburg	20,394	1			joined 1/1/2014
11	25	Newton	19,120	1			
12	26	Great Bend	15,840	1			
13	27	McPherson	13,189		1		
14	28	El Dorado	12,879	1			
15	29	Andover	12,509	1			
16	30	Ottawa	12,403		1		
17	31	Winfield	12,258		1		
18	32	Arkansas City	12,205	1			
19	33	Lansing	11,713		1		
20	34	Merriam	11,290		1		
21	35	Haysville	11,112	1			
22	36	Atchison	10,771	1			
23	37	Parsons	10,174	1			
24	38	Coffeyville	9,876	X	1		left KMIT 12/31/12 (second exit)
25	39	Mission	9,501	X	1		left KMIT 12/31/08
26	40	Chanute	9,295		1		
27	41	Augusta	9,242	1			
28	42	Independence	9,162	1			
29	43	Wellington	7,942	1			
30	44	Fort Scott	7,874	1			

2017 Market Review/Action Plan

31	45	Park City	7,556	X	1	left KMIT 12/31/14
32	46	Bonner Springs	7,314	1		
33	47	Bel Aire	7,284	1		
34	48	Valley Center	7,057	1		
35	49	Pratt	6,963		1	expect to quote in 2017
36	50	Roeland Park	6,840	1		
37	51	Abilene	6,590	1		
38	52	Eudora	6,303	1		
39	53	Mulvane	6,289		1	last quoted in 2004?
40	54	Ulysses	6,160	1		
41	55	De Soto	6,038	1		
42	56	Spring Hill	5,896	1		
43	57	Paola	5,593	1		
44	58	Iola	5,553		1	quoted in 2005, 2007 and 2012
45	59	Colby	5,388		1	
46	60	Concordia	5,311	1		
47	61	Tonganoxie	5,190	1		
48	62	Basehor	5,119	1		

49	63	Baldwin City	4,585	1		
50	64	Goddard	4,692		1	last quoted in 2015
51	65	Wamego	4,578	1		
52	66	Goodland	4,554	1		
53	67	Russell	4,484	1		
54	68	Edwardsville	4,380	1		
55	69	Osawatomie	4,357	1		
56	70	Louisburg	4,322		1	
57	71	Clay Center	4,177	1		
58	72	Baxter Springs	4,073	X	1	left KMIT 12/31/13
59	73	Maize	4,073	1		
60	74	Larned	4,023	1		
61	75	Fairway	3,969		1	
62	76	Hugoton	3,966		1	

2017 Market Review/Action Plan

63	77	Rose Hill	3,960	1			
64	78	Scott City	3,927		1		
65	79	Beloit	3,792	X	1	joined 1/1/95; left 12/31/96	
66	80	Lyons	3,737		1	quoted in 2003 and 2015	
67	81	Hesston	3,734	X	1	joined 4/1/03; left 6/30/08	
68	82	Mission Hills	3,597		1		
69	83	Frontenac	3,444		1	expect to quote in 2017 (last quoted in 2003)	
70	84	Lindsborg	3,438	1		joined in 2012	
71	85	Holton	3,316		1		
72	86	Garnett	3,295		1	last quoted in 2016	
73	87	Marysville	3,295	1			
74	88	Columbus	3,186	1			
75	89	Hiawatha	3,108	1			
76	90	Kingman	3,094	1			
77	91	Ellsworth	3,076	1			
78	92	Galena	2,966	1			
79	93	Hillsboro	2,893	1			
80	94	Osage City	2,862	1			
81	95	Norton	2,846		1	last quoted in 2003	
82	96	Girard	2,773	1			
83	97	Hoisington	2,664	1			
84	98	St. Marys	2,664	X	NOT LKM	1	left LKM and KMIT 12/31/96 (KMIT charter memb
85	99	Burlington	2,635			1	
86	100	Sabetha	2,564			1	
87	101	Phillipsburg	2,556			1	quoted in 2009 and 2013
88	102	South Hutchinson	2,544			1	
89	103	Clearwater	2,531	1			
90	104	Eureka	2,485	X		1	left KMIT 12/31/14
91	105	Herington	2,413	1			joined in 2014 (quoted in 2011)
92	106	Neodesha	2,400	1			
93	107	Fredonia	2,372	1			
94	108	Sterling	2,303	1			joined in 2015
95	109	Cherryvale	2,283	1			
96	110	Cimarron	2,240			1	last quoted in 2012

2017 Market Review/Action Plan

97	111	Anthony	2,234		1	
98	112	Lakin	2,180		1	
99	113	Cheney	2,153	1		
100	114	Ogden	2,138	1		
101	115	Caney	2,125		1	not currently a prospect
102	116	Holcomb	2,120	X	1	left KMIT 3/31/09 (KMIT charter member)
103	117	Elkhart	2,113	1		
104	118	Council Grove	2,105	1		
105	119	Ellinwood	2,098		1	
106	120	Halstead	2,084	1		
107	121	Oakley	2,075	1		joined in 2013
108	122	Ellis	2,074		1	last quoted in 2003
109	123	Minneapolis	2,029	1		
110	124	Medicine Lodge	2,021	1		
111	125	Seneca	2,006		1	
112	126	Belleville	1,917	1		
113	127	Kechi	1,982		1	quoted in 2012 and 2014
114	128	Humboldt	1,886		1	
115	129	Marion	1,861	1		joined in 2015
116	130	Wellsville	1,822	1		
117	131	WaKeeney	1,797	1		
118	132	North Newton	1,788	1		joined in 2013
119	133	Oswego	1,781	1		
120	134	Syracuse	1,750		1	current 'suspect'
121	135	Oberlin	1,749	1		
122	136	Horton	1,732	1		
123	137	Moundridge	1,726	1		joined in 2012
124	138	Edgerton	1,703	1		
125	139	Sedgwick	1,701	1		
126	140	Douglass	1,692	1		
127	141	Grandview Plaza	1,670	1		
128	142	Smith Center	1,641	1		joined in 2013
129	143	Meade	1,637	X	1	joined in 2005; left in 2007 (quoted in 2011)

2017 Market Review/Action Plan

130	144	Belle Plaine	1,627	1
131	145	Westwood	1,534	1
132	146	Leoti	1,496	1
133	147	Arma	1,464	
134	148	Hill City	1,454	1
135	149	Ness City	1,454	
136	150	Kinsley	1,451	1
137	151	Towanda	1,427	
138	152	Silver Lake	1,426	
139	153	Johnson City	1,413	1
140	154	Carbondale	1,405	
141	155	Sublette	1,399	
142	156	Harper	1,398	
143	157	Osborne	1,396	
144	158	Chapman	1,379	1
145	159	Inman	1,374	
146	160	Colwich	1,362	
147	161	Wathena	1,352	
148	162	Yates Center	1,350	
149	163	Buhler	1,335	
150	164	Stockton	1,315	1
151	165	St. Francis	1,312	1
152	166	La Crosse	1,290	
153	167	Lincoln Center	1,266	1
154	168	St. John	1,244	1
155	169	Conway Springs	1,239	1
156	170	Haven	1,225	
157	171	Victoria	1,225	
158	172	Atwood	1,222	
159	173	Auburn	1,217	
160	174	Elwood	1,204	
161	175	Plainville	1,189	
162	176	Hoxie	1,189	X
163	177	Pleasanton	1,180	

joined in 2012

joined in 2012

1

1

current 'suspect'

1

expect to quote this year (last quoted in 2004)

1

1

1

1

quoted 1/3/17 for 4/1 start

1

last quoted in 2004

joined in 2012

1

last quoted in 2015

1

1

last quoted in 2015

1

1

1

joined in 2016

1

quoted in 2013 and 2015

1

1

1

1

1

last quoted in 2010

1

left KMIT 4/1/07 (charter member)

1

last quoted in 2003

2017 Market Review/Action Plan

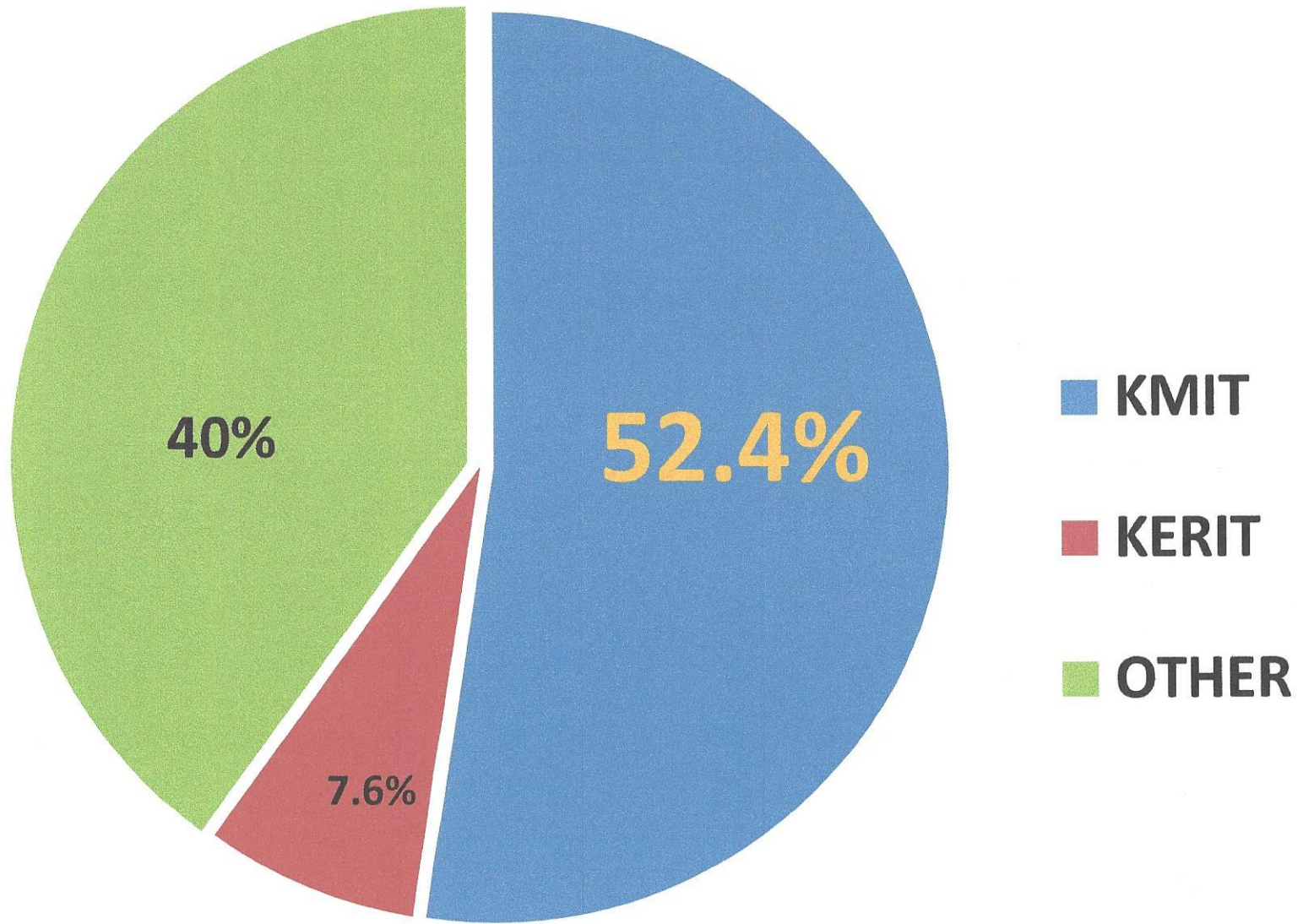
164	178	Valley Falls	1,158	X	1	joined in 2013; left in 2015
165	179	Peabody	1,156	1		
166	180	Rossville	1,156		1	last quoted in 2015
167	181	Satanta	1,117	1		
168	182	La Cygne	1,116	1		
169	183	Erie	1,108		1	
170	184	Plains	1,093		1	
171	185	Chetopa	1,091		1	KMIT declined to quote 3 times
172	186	Washington	1,087		1	
173	187	Oskaloosa	1,086	1		
174	188	Sedan	1,065	1		
175	189	Solomon	1,061		1	
176	190	Altamont	1,049	1		
177	191	Nickerson	1,041		1	
178	192	Caldwell	1,034	X	1	left 4/30/09
179	193	Lyndon	1,030		1	
180	194	Overbrook	1,029		1	last quoted in 2014
181	195	Kiowa	1,028		1	
182	196	Oxford	1,022		1	
183	197	Highland	1,015		1	
184	198	Stafford	1,002	1		
185	199	Dighton	1,000		1	

Mkt RANK

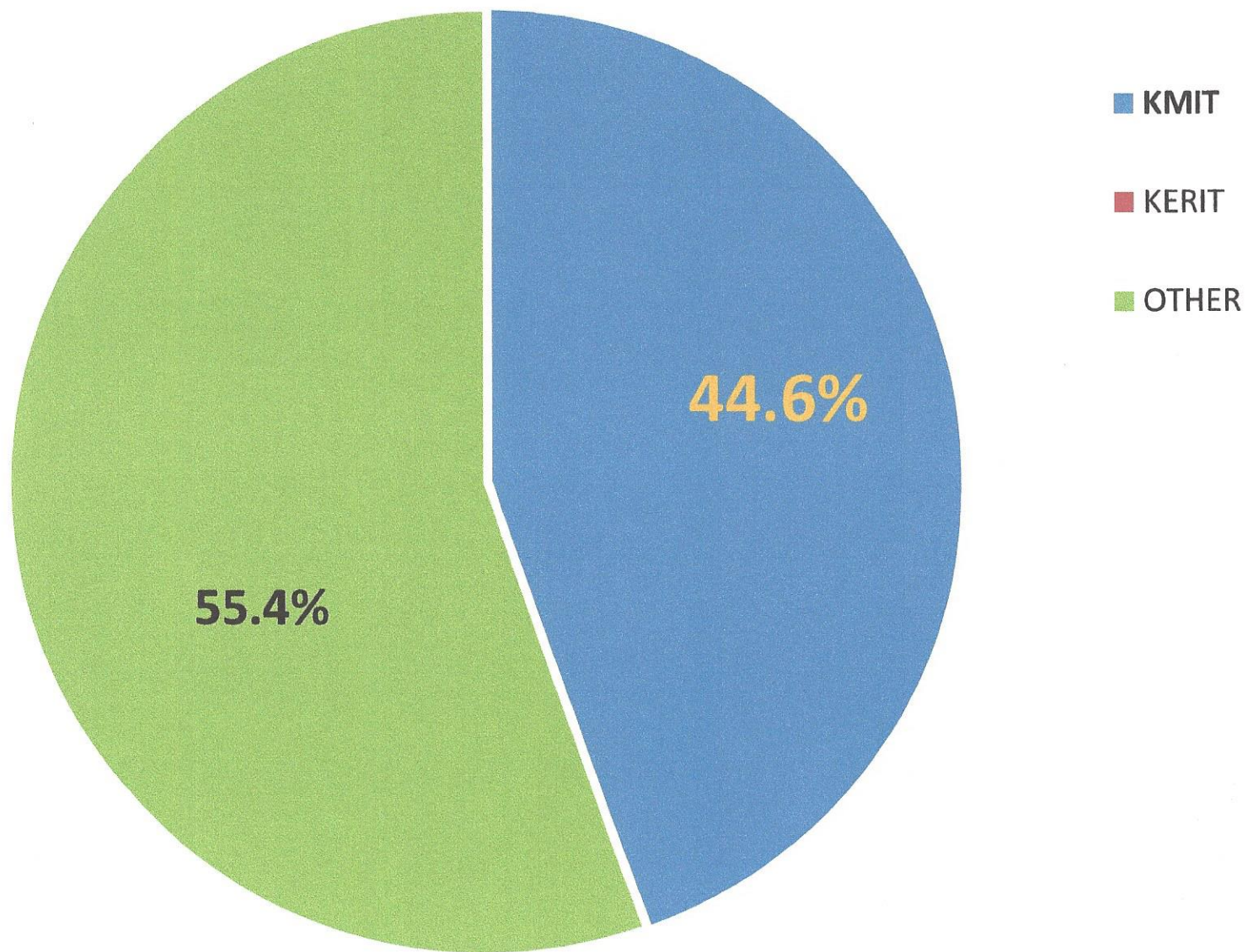
2017 Market Review/Action Plan

	KMIT	KERIT	Other
ALL Cities between 1,000 and 28,117	97	14	74
Total in Market 185	52.4%	7.6%	40.0%
1,000-2,000	33	0	41
Total in this Sub-Set 74	44.6%	0%	55.4%
2,000-5,000	35	2	31
Total in this Sub-Set 68	51.5%	2.9%	45.6%
5,000-10,000	17	3	5
Total in this Sub-Set 25	68.0%	12.0%	20.0%
10,000-20,000	8	5	0
Total in this Sub-Set 13	61.5%	38.5%	0.0%
20,000-28,117	4	4	2
Total in this Sub-Set 10	40.0%	40.0%	20.0%

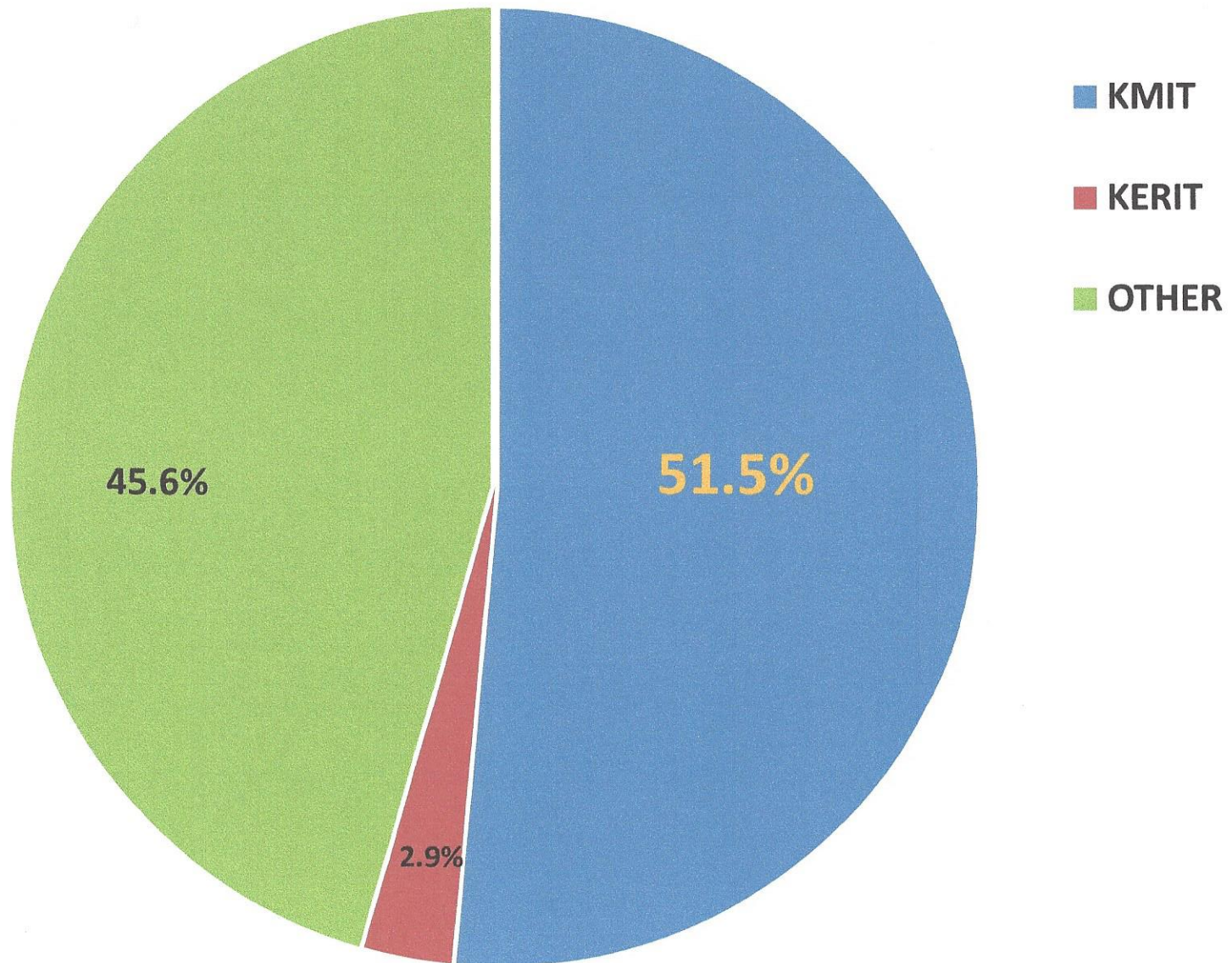
Entire KMIT Market



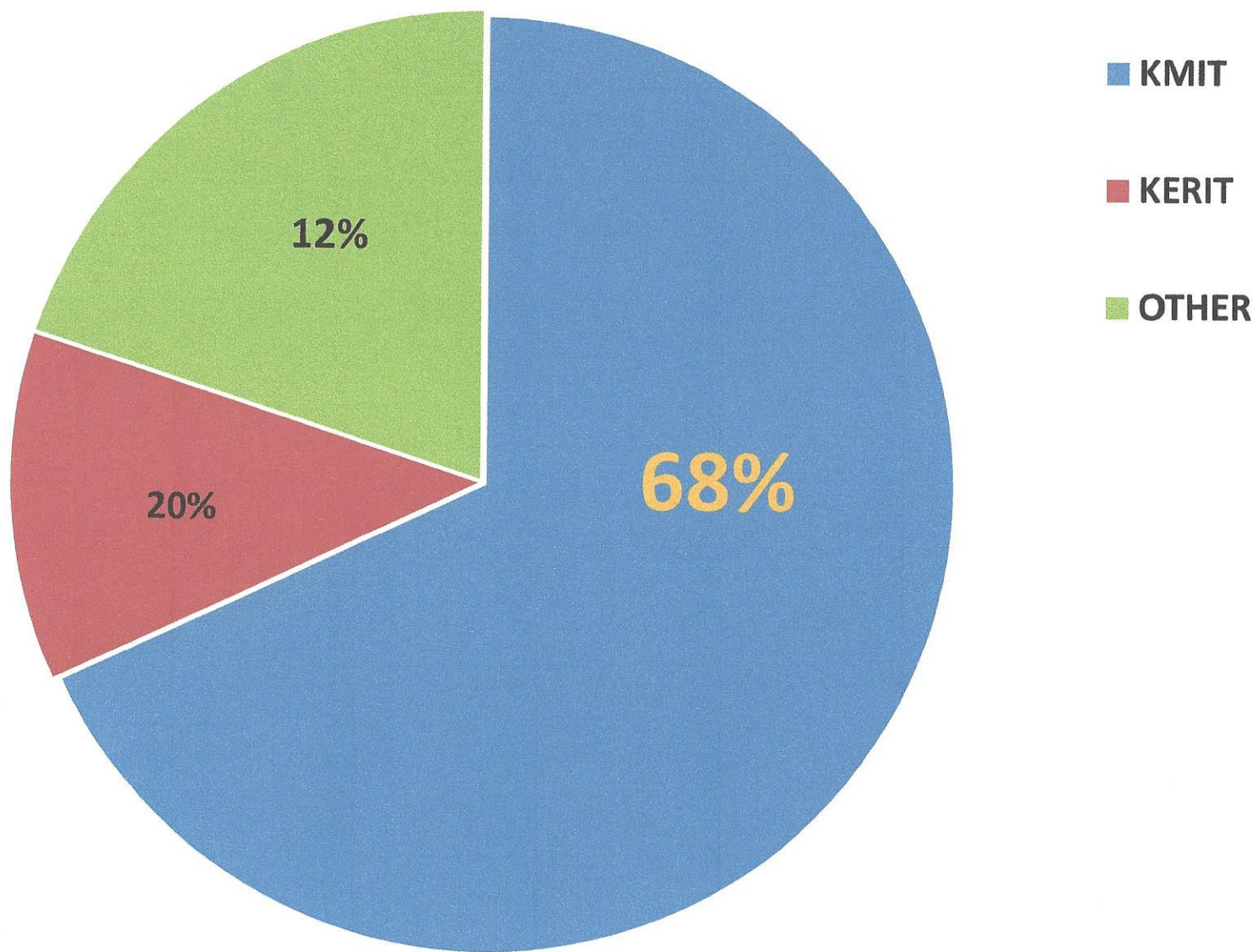
1,000-2,000



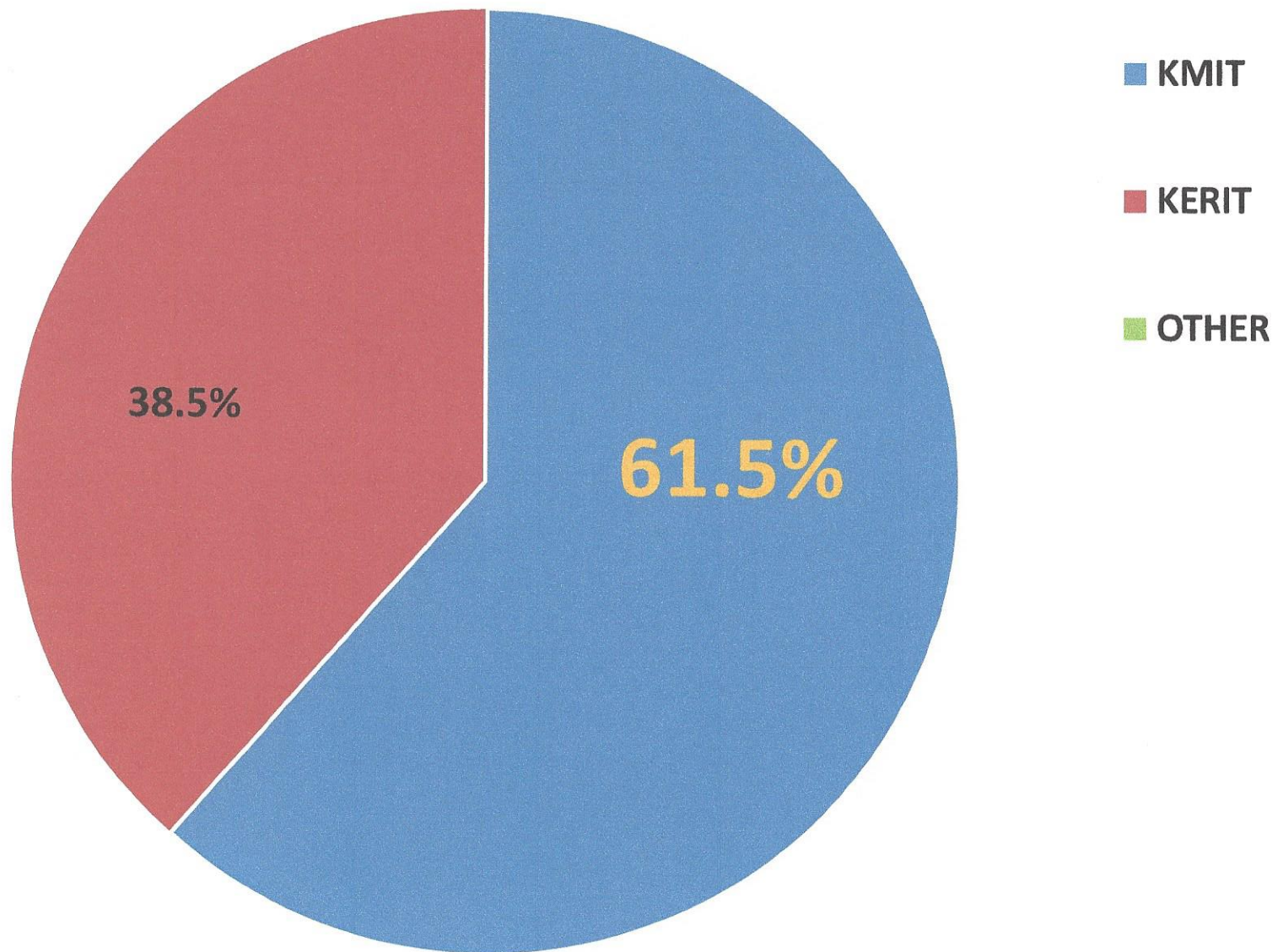
2,000-5,000



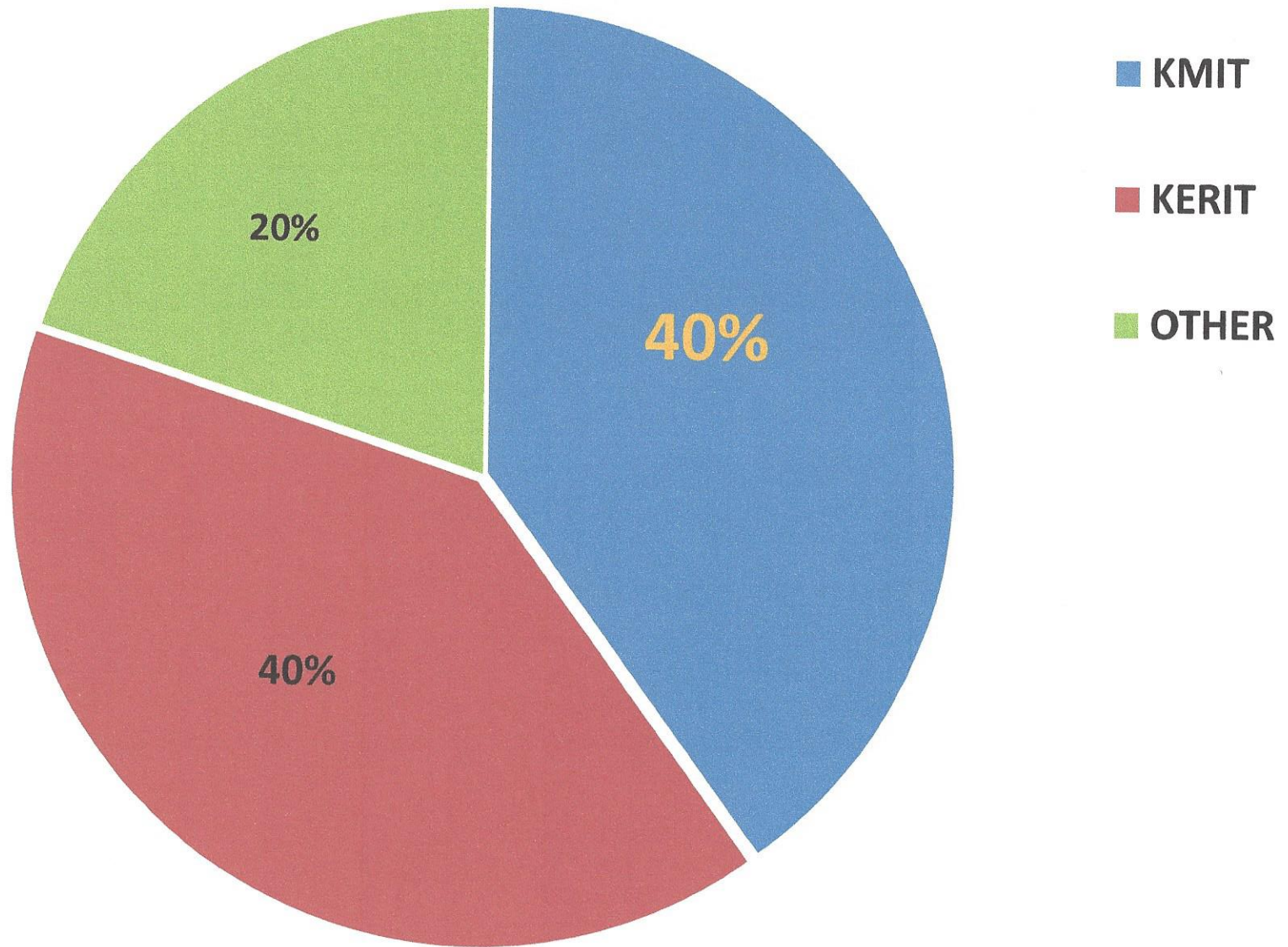
5,000-10,000



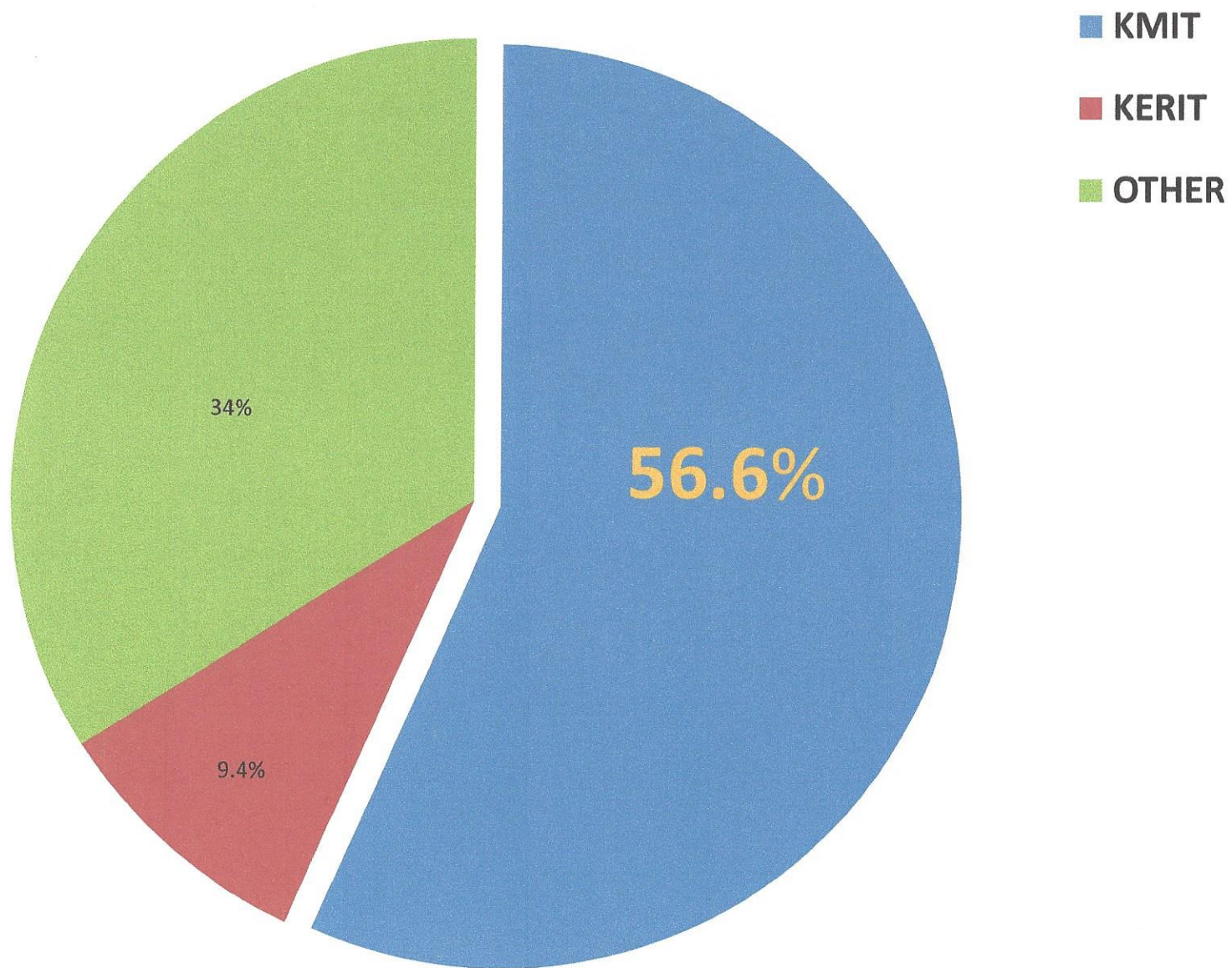
10,000-20,000



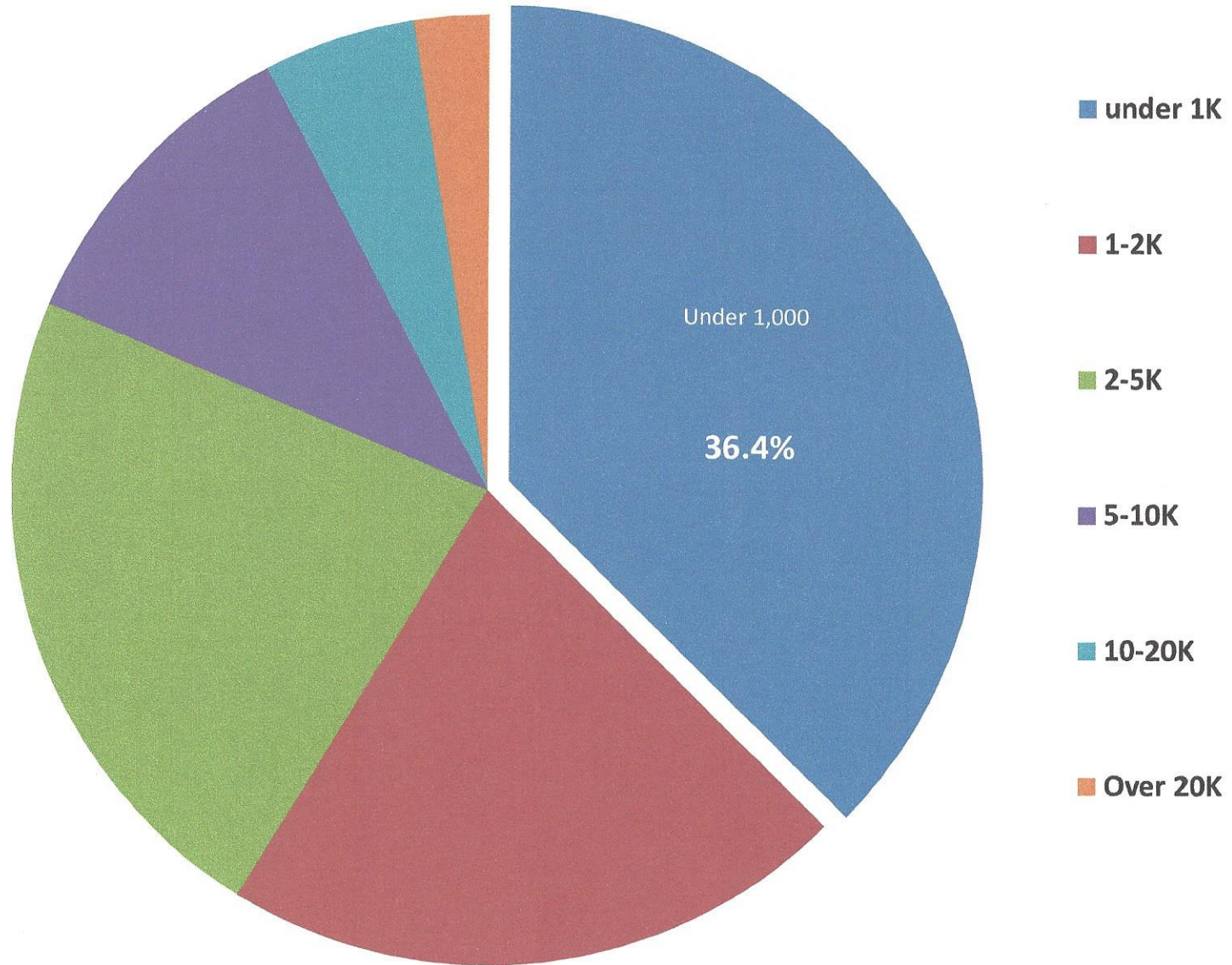
over 20,000



2-20K



Makeup of KMIT Cites



Capital Markets Group

KMIT

Greg Nelson

VP Capital Markets

800.365.0349 Toll-free, ext 4943

316-261-4943

Greg.Nelson@
commercebank.com

[www.commercebank.com/commercial/
capital markets/weekly commentary.pdf](http://www.commercebank.com/commercial/capital%20markets/weekly%20commentary.pdf)

We ask, listen and solve.



Commerce BankTM
Member FDIC

Capital Markets Group

Contact Information

Gregory F. Nelson

Vice President

Toll Free: 800.365.0349 or Direct: 316.261.4943

Email: Greg.Nelson@commercebank.com

Experience:

Mr. Nelson provides institutional and individual clients with solutions for their financial needs. Greg has developed and implemented strategic investment plans to meet his customers' unique needs and goals for more than 35 years.

Certifications:

Mr. Nelson is registered as a General Securities Representative with the Financial Industry Regulatory Authority (FINRA). He is also registered as a Securities Municipal Representative and Securities Government Representative with the Federal Reserve Board.

Education:

Bachelor of Science in Education - University of Kansas, Lawrence
Masters of Business Administration - University of Kansas, Lawrence
KSABA School of Bank Investments - University of Colorado, Boulder, CO



We ask, listen and solve.



Capital Markets Group

Capital Markets Group

The Capital Markets Group's (CMG) general area of business is the marketing of fixed income instruments and cash management products to Corporations, Financial Institutions, Insurance Companies and Municipalities.

CMG also provides:

- Investment strategies tailored to meet the needs of each client
- General financial market consulting



www.commercebank.com/cmg

Locations:

- Sales, Trading, & Operations
 - Kansas City, MO
- Sales & Trading
 - St. Louis, MO
- Branch Sales Office Locations
 - Dallas, TX
 - Springfield, MO
 - Wichita, KS

We ask, listen and solve.



Capital Markets Group

Capital Markets Group Structure

Typical customers include:

- local and national corporations
 - financial institutions
 - municipalities
 - not-for-profits
 - insurance companies
 - money managers
- Our operation is housed under the bank charter, not a brokerage subsidiary.
 - Customer assets range from \$50,000 to \$1 Billion - each with its own specifically tailored investment strategy.
 - Our Sales Team consists of over 15 Investment Professionals to assist our customer's needs.
 - Midwest accessibility - Personnel, trading, clearing, and safekeeping operations are all managed and housed locally.
 - Member of Federal Government Sponsored Enterprises, Local & State Underwriting Groups.
 - Member of Federal Reserve System.

We ask, listen and solve.



Capital Markets Group

Commerce Repo Sweep

Your Income on Cash Balances

Today's competitive business environment demands intelligent cash management techniques. You need to maximize income earned on operating cash reserves and minimize risk, while enjoying flexibility and easy access to your funds.

The Capital Markets Group offers select business customers a powerful cash management tool - the Repo Sweep Program. It's designed to help make your money work harder and improve your financial control.

A Conservative Cash Management Solution

We recognize the challenges you face in effectively managing your money and we are committed to providing the exceptional service and sophisticated financial alternatives you need to help make the most of your resources. That's why we are pleased to offer you this valuable financial program with unique access to conservative, competitive repurchase agreements. Your excess checking balances are invested in an overnight repurchase agreement.

An Automatic Daily Sweep

With Commerce Repo Sweep, all cash above a predetermined collected balance (peg) in your checking account - the "sweep point" - is automatically swept at the end of each day and invested the same day in an overnight repurchase agreement. Every dollar that is swept from your account is put to work earning money market yields. Although the checking account associated with the Repo Sweep Program is FDIC insured, the repurchase agreement into which the assets are swept is not FDIC insured.

Investments in Securities are NOT FDIC Insured - NO Bank Guarantee - May Lose Value

Prices and/or yields are subject to change and investments are subject to availability. Past performance is not indicative of future results.

We ask, listen and solve.



Capital Markets Group

Short-term Investments

Make excess operating capital even more productive.

Let Commerce Bank's short-term investment options help you make excess operating capital more productive without losing access to vital cash. Short-term investments are key to managing a successful company and are an integral part of an overall cash-management plan. Commerce offers many short-term options to meet your investment needs.

Treasury Bills

Take advantage of short-term cash surpluses with treasury bills, which are issued and backed by the U.S. Government. Treasury bills offer maturity dates up to one year, with minimum risk of loss of principal.

Agency Discount Notes

Gain convenient choices in size and maturity dates with agency discount notes. These notes are issued by federal agencies and range in maturity from one day to one year.

Repurchase Agreements

Have the confidence of secured investments through repurchase agreements, short-term investments collateralized by government and agency securities. Maturity dates on repurchase agreements range from overnight to 30 days or more.

Commercial Paper

Grow your assets with commercial paper. A promissory note from a large corporation, commercial paper is backed by the corporation's credit rating. The investment offers maturity dates up to 270 days.

Certificates of Deposit

Diversify your portfolio with certificates of deposit (CDs). CDs have maturity dates for any number of days out to five years. CDs are currently FDIC-insured to \$250,000 per depositor.

Municipal Notes

Make money while helping your community with municipal securities such as municipal notes and pre-refunded bonds. These bonds are usually issued by state and local governments to raise money for public works. Maturity dates vary depending on the type of bond. Income earned from municipal bonds can be tax exempt at the Federal or State level. Consult your tax advisor for details.

Investments in Securities are NOT FDIC Insured - NO Bank Guarantee - May Lose Value

Prices and/or yields are subject to change and investments are subject to availability. Past performance is not indicative of future results.

We ask, listen and solve.



Capital Markets Group

Treasury Bills

Take advantage of short-term cash surpluses.

Turn your short-term cash surplus into a short-term investment with Treasury bills, which offer low risk and plenty of liquidity.

Government Backed

Treasury bills (or T-Bills) are U.S. government debt securities with maturities of one year or less. T-Bills are issued at a discount from their face value in \$1,000 increments. The difference between the cost and the value at maturity is the interest earned on the investment.

Low Risk

T-Bills are considered the safest short-term investment available because they are direct obligations of the U.S. Government.

State and Local Tax-Exempt

Earn more money with tax-exempt T-Bills. The interest earned on T-Bills is exempt from state and local income taxes. You'll notice the taxable equivalent yield on T-Bills can be noticeably higher than if you paid state taxes.

Convenient

Easily buy and sell your T-Bills. As the largest secondary market of the short-term securities, T-Bills are easily purchased and sold. Keep in mind you risk possible adverse market conditions if you sell T-Bills prior to their original maturity date.

Investments in Securities are NOT FDIC Insured - NO Bank Guarantee - May Lose Value

Prices and/or yields are subject to change and investments are subject to availability. Past performance is not indicative of future results.

We ask, listen and solve.



Capital Markets Group

Agency Discount Notes

Gain convenient choices in size and maturity dates.

With agency discount notes from Commerce Bank you'll have the flexibility to buy in a variety of amounts and maturity dates ranging from 15 days to one year.

Government Sponsored Enterprises

Agency discount notes are issued in book entry form by federal agencies at a discount to their value at maturity, providing you with an investment grade security.

Conservative

An agency discount note represents a loan to the issuing federal agency, which is obligated to repay investors the loan's face value on its maturity date.

Liquidity

Easily convert your agency discount notes into cash. Agencies are actively traded in the secondary market providing the necessary liquidity should you need to sell a note and access the funds prior to maturity. Keep in mind you risk possible adverse market conditions if you sell discount notes prior to their original maturity date.

State and Local Tax-Exempt - (on some issues)

Earn more with tax-exempt discount notes. Interest earned from discount notes issued by the Federal Farm Credit Bank and the Federal Home Loan Bank is exempt from state and local taxes. The taxable equivalent yield on state tax-exempt agencies can be noticeably higher for investors who pay state taxes. Interest earned on discount notes issued by other agencies, such as Federal National Mortgage Association (Fannie Mae) or the Federal Home Loan Mortgage Corporation (Freddie Mac), are subject to taxes. Consult your tax advisor for guidance.

Investments in Securities are NOT FDIC Insured - NO Bank Guarantee - May Lose Value

Prices and/or yields are subject to change and investments are subject to availability. Past performance is not indicative of future results.

We ask, listen and solve.



Capital Markets Group

Certificates of Deposit

Secure a Competitive Rate and Safely Grow Your Money.

Certificate of Deposit (CDs) are bank-issued debt instruments that pay interest and principal. They have maturity date ranges from any number of days out to several years. CDs are FDIC-insured up to \$250,000 per depositor.

CD Options

Commerce Bank Capital Markets Group offers CDs in two forms: Commerce Bank Jumbo CDs and other bank-issued CDs. Bank-Issued CDs are debt instruments of FDIC-insured banks that are insured up to \$250,000 per depositor. Commerce Bank Jumbo CDs are deposits in Commerce Bank that are in excess of the FDIC-insurance. They are typically available in minimums of \$500,000. For municipalities, the Jumbo CDs are collateralized per individual state statute.

Less Risk

Bank-Issued CDs are FDIC-insured up to \$250,000 per depositor by the issuing bank. When purchasing single or multiple CDs from one Issuer, you should be careful not to exceed the FDIC limit. Jumbo CDs rely on the safety and soundness of Commerce, which is a risk factor you need to evaluate. For municipalities, the collateralization of Jumbo CD's per individual State Statute may minimize associated risks.

Liquidity

Some bank-Issued CDs can be liquidated prior to maturity in the secondary market, but are subject to market pricing which could be lower than the price at which the CD would normally mature. Commerce Bank Jumbo CDs are not traded in the secondary market but may be redeemed prior to maturity at the bank's discretion but will be subject to a penalty for early withdrawal. Keep in mind that you risk possible adverse market conditions or termination penalties if you liquidate a Jumbo CD investment prior to maturity.

Investments in Securities are NOT FDIC Insured - NO Bank Guarantee - May Lose Value

Prices and/or yields are subject to change and investments are subject to availability. Past performance is not indicative of future results.

We ask, listen and solve.



Capital Markets Group

Commerce Bank Capital Markets

Investment Portfolio Suggestions

KMIT 02 24 17

Overnight Rates - Collateralized		
Repo – Sweep	.18% Current	.10% December 2016

Short-Term Interest Rate Structure			
Maturity/Sector - Taxable	Current Yield Maturity Brokered CD's	Brokered CD's Dec 2016	
-6 mo	.60%	.40%	
- 1 yr	.85%	.65%	
- 18 mo	1.20%	.85%	
- 2 yr	1.35%	1.00%	
- 3 yr	1.70%	1.30%	
- 4 yr	1.85%	1.40%	
- 5 yr	2.05%	1.50 %	

We ask, listen and solve.



Capital Markets Group

Non-Agenda Information and Background Material

KANSAS MUNICIPAL INSURANCE TRUST

Board of Trustees Minutes from October 9, 2016

Approved in Wichita (IMA) on December 16, 2016

Meeting Convened: Sunday, October 9, 2016, in the Overland Park Convention Center, in Overland Park, KS. The meeting was called to order by KMIT President Tim Hardy at 5:40 PM.

President Hardy presented newly-elected Trustee Mike Webb, who gave a brief self-introduction.

Members Present: *Board Members Present:* President Hardy (Elkhart), Vice President Debbie Price, Treasurer Randy Frazer (Moundridge), David Dillner (Abilene), Kerry Rozman, Ty Lasher (Bel Aire), Janie Cox (Haysville), Carey Steier (Pittsburg), and Mike Webb (Edwardsville). *Staff:* Deanna Furman (CORnerstone), Barbie Kifer (CORnerstone), Jess Cornejo (CORnerstone), Renee Rhodes (IMA), and Don Osenbaugh (KMIT Pool Administrator).

Members Absent From Meeting: Immediate Past President Keith Schlaegel (Stockton) and Michael Reagle (Garden City).

Minutes: August 26, 2016, Garden City: Motion to approve as written by Dillner; seconded by Lasher. Approved unanimously.

Financial Reports:

- a. August 31, 2016 Financials
- b. August 31, 2016 Cash and Investment Summary

Motion to approve both of the above reports made by Price; second by Dillner. Approved unanimously.

Reserve Advisory and Settlement Authority: None

KMIT/LKM Contract: The new contract with the LKM, for services to be provided by and endorsement from the League, for the years 2018-2020, was approved unanimously by the Board. The concepts and details of the agreement were discussed by the KMIT Board in Garden City (on August 26), and subsequently drafted into 'legal format' by the LKM. The LKM Governing Body approved the agreement at its meeting on October 8, and the agreement had been signed by LKM Executive Director Erik Sartorius before being presented to the Trustees at this meeting. The annual fee to be paid by KMIT to the League each of the years 2018, 2019 and 2020 is \$32,500. The agreement contains no 'membership required' language. Motion to approve by Dillner; second by Rozman. The current contract (MOU) expires after 12/31/17. The New Agreement takes effect 1/1/18. President Hardy signed the agreement following the action to approve.

Election of 2015-2016 Officers:

- a. President. Nomination of Price made by Frazer; second by Steier. Unanimously approved.
- b. Vice President. Nomination of Frazer made by Rozman; second by Lasher. Unanimously approved.
- c. Treasurer. Nomination of Dillner made by Lasher; second by Cox. Unanimously approved.

New Officers are immediately installed.

Other Business: Osenbaugh reminded the Board that IMA will host the next Board meeting, in Wichita on Friday, December 9.

Adjournment: Motion to adjourn by Dillner; second by Webb. Unanimous. Adjourned at 6:01 PM.

2017 KMIT Operating (Administrative) Budget*

	2014 Actual	2015 Actual	2016 YE Est	2017 Adopted
REVENUES				
Premium Payments [1] [3] [4]	5,460,508	5,260,880	5,070,000	5,052,000
Investment Income	107,601	128,600	130,000	130,000
Other	-	-	-	-
Total Revenues	5,568,109	5,389,480	5,200,000	5,182,000
ADMINISTRATIVE EXPENSES				
Operational				
Meetings and Travel	29,749	19,897	20,000	20,000
Commissions to Independent Agents	97,110	97,527	92,000	95,000
Directors and Officers (E&O) Insurance	15,956	15,667	16,000	17,000
Miscellaneous Expense and Cancellation Expense	3,970	3,514	6,000	6,000
Other Marketing, Contingency, Outside Legal Expense, etc.	575	404	2,000	2,000
Bank Fees	4,460	5,998	8,000	8,000
Office Supplies, Web Services, etc.	7,170	7,329	9,000	9,000
Operational Sub Total	158,991	150,336	153,000	157,000
Contractual				
Pool Administrator Contract	81,900	98,560	100,000	102,000
LKM Contract (formerly 'Endorsement Fee')	70,000	70,000	70,000	70,000
Risk Mgt, Administrative, and Claims Mgt Serv's (IMA/CORnerstone)	505,000	530,000	550,000	575,000
Payroll Audits	20,143	19,923	20,000	21,000
NCCI Membership and Rating Fee and Financial Audit	26,690	14,557	27,000	27,000
Actuarial Study	15,000	14,500	15,000	15,000
ARCPT+ 'Pilot Project'	9,671	-	-	-
POET Testing--Bardavon (formerly 'Job Analysis Testing')	-	7,425	10,000	12,000
Bardavon Network/Setup Services (formerly 'ARCPT+ Services')	-	14,651	24,000	15,000
Contractual Sub Total	728,403	769,615	816,000	837,000
Regulatory				
State Fees and Assessments (KID and KDOL)	384,143	190,117	250,000	250,000
Regulatory Sub Total	384,143	190,117	250,000	250,000
Total Administrative Expenses [5]	1,271,537	1,110,068	1,219,000	1,244,000
Excess Insurance Expense	429,976	459,126	480,000	480,000
ESTIMATED AVAILABLE FOR CLAIMS	3,866,596	3,820,286	3,501,000	3,458,000
	2014 Actual	2015 Actual	2016 YE Est	2017 Adopted
Year-End Cash	13,446,432	13,661,189	13,846,000	
Year-End Net Worth	4,950,338	5,676,332	5,558,000	
Administrative Expenses / Revenue [2]	22.8%	20.6%	23.4%	24.0%
Available for Claims / Revenue	69.4%	70.9%	67.3%	66.7%
Administrative + Excess Insurance / Revenue	30.6%	29.1%	32.7%	33.3%
[1] Final premium is determined via the annual financial audit. FY 2016 will be audited in early 2017, therefore 2016 Est YE is pre-audit.				
[2] Must not exceed 30% (by state regulation). Excess coverage premium is interpreted by KID NOT to be an administrative expense.				
[3] Projected audit difference for 2016 premium is estimated at -\$250,000 . Unaudited (billed) 2016 premium was \$5,320,000.				
[4] 2017 premium is the actual estimated, as billed in early December, 2016.				
[5] Actuals are audited figures (2014 and 2015)				

*approved in Wichita (IMA) on 16Dec17

Don Osenbaugh

From: Jason Shultz [Jason.Shultz@tristargroup.net]
Sent: Tuesday, January 24, 2017 10:58 AM
To: Davis, Paul
Cc: Don Osenbaugh; Cornejo, Jess
Subject: RE: 2017 KMIT/TRISTAR Contract

Paul,

This will confirm the 3% increase for the 2018 contract year.

The language below is typically used as a safety net for clients that may have large acquisitions or divestitures mid-term on a contract which materially affects the claims volume, up or down. In KMIT's case I suppose this would possibly come into play if they had a large number of members added or leave in any one year although this sounds unlikely based on what I've heard. We could also use 25% instead of 15% as, again, it's really just a mechanism to protect against significant volatility that would require additional staffing, etc.

The claims administration fee is premised on [X] new claims per Agreement year. If the new claim count varies by more than 25%, up or down, the parties agree to reasonably negotiate an appropriate change in the fees.

As I thought more about it though that language probably won't be necessary if Don/KMIT would like to continue contracting on a year to year basis as the evaluation is done annually so it only makes sense on multiyear contracts. We'd certainly be open to that if having fee stability locked in for a longer period of time would be deemed beneficial to KMIT.

Jason

Jason Shultz
Vice President - Regional Manager
TRISTAR Insurance Group
Office: 888-538-9847 Ext. 3260
Fax: 720-962-0269
Mobile: 562-676-6029
Jason.Shultz@tristargroup.net

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

From: Davis, Paul [<mailto:paul.davis@corisksol.com>]
Sent: Monday, January 23, 2017 10:37 AM
To: Jason Shultz
Cc: Don Osenbaugh; Cornejo, Jess
Subject: 2017 KMIT/TRISTAR Contract

Jason,

Thanks for the call today. Would you please confirm a 3% increase from 210,000 (2017) to 216,000 (2018)?

Additionally, would you please provide your standard wording for account changes that would cause a modification in any pricing going forward?

Thanks.

Sent from my iPad
Paul Davis, Director of Program Operations

CORnerstone Risk Solutions, LLC.
8200 E 32nd Street North | Wichita, KS 67226 | 316-267-9221 Direct 316-266-6292 | Fax 316-303-3792
paul.davis@corisksol.com

Don Osenbaugh

From: Davis, Paul [paul.davis@corisksol.com]
Sent: Wednesday, January 25, 2017 10:22 AM
To: Don Osenbaugh
Cc: Cornejo, Jess
Subject: 2018 Contract

Don,

We appreciate your desire to understand what may occur for the 2018 program year renewal due to the transition of claim adjustment from CORnerstone to TRISTAR. Currently, our fees are \$360,000 for Program Administration, Excess Placement, and Loss Control. We do not anticipate any significant changes between now and July/August, our typical contract review window, and will commit to a maximum of \$365,000 for the 2018 program year.

Paul.

Sent from my iPad
Paul Davis, Director of Program Operations

CORnerstone Risk Solutions, LLC.
8200 E 32nd Street North | Wichita, KS 67226 | 316-267-9221 Direct 316-266-6292 | Fax 316-303-3792 paul.davis@corisksol.com

This communication, including attachments, is for the exclusive use of addressee and may contain proprietary, confidential or privileged information. If you are not the intended recipient, any use, copying, disclosure, dissemination or distribution is strictly prohibited. If you are not the intended recipient, please notify the sender immediately by return mail and delete this communication and destroy all copies. Please remember requests to bind or change coverage cannot be considered bound until you have received confirmation from an authorized CORnerstone representative.

AMENDMENT #1 TO AGREEMENT FOR SERVICES

This Amendment #1 to Agreement for Services (this "Amendment") is made and entered into as of the 12th day of January, 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", each of which may be referred to in the singular as a "Party" or in the plural as "Parties". Unless otherwise defined herein, all capitalized terms shall have the meaning ascribed to them in the certain Agreement for Services dated 1st day of December, 2016 (the "Agreement").

WHEREAS, the Parties desire to amend and modify the Agreement to reflect that the Parties agree to conduct themselves from the period 1/1/2017 to 1/1/2018 under the terms and conditions of the Agreement executed 11/9/2016.

NOW THEREFORE, in consideration of the mutual covenants and promises contained herein, and upon the terms and conditions set forth herein, the Parties to this Amendment agree as follows:

Section 1. Amendments to the Agreement. The Agreement is amended and modified effective as of the date of the Amendment as set forth below:

- a) Schedule B - "Compensation for Services" of the Agreement is amended by deleting the Schedule B in its entirety and replacing with the Schedule B as attached to this Amendment.

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.
 - a) **Risk Control, Insurance Placement, Risk Management and Administrative** - KMIT shall pay a fee ("Fee") to CRS as compensation for the Services provided under this Agreement, for the annual period described above, in the sum and amount of **\$360,000**. The Fee shall be due and payable in monthly installments commencing January 1, 2017 in 10 equal installments of **\$36,000** each. Conditional underwriting visits and supervisor training sessions will be billed, when Service is requested by KMIT, at \$500 per visit.
 - b) **Claims Management** - KMIT shall pay a fee ("Fee") to CRS as compensation for the Services provided under this Agreement, for the annual period described above, in the sum and amount of **\$210,000**. The Fee shall be due and payable in monthly installments commencing January 1, 2017 in 10 equal installments of **\$21,000** each.
2. Payment of all invoices submitted to KMIT 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.

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

“KMIT”

Kansas Municipal Insurance Trust

By: Don Osenbaugh 1/25/17
Don Osenbaugh
Pool Administrator

“CRS”

CORnerstone Risk Solutions, LLC

By: Paul J. Davis
Paul J. Davis
Director of Program Operations

Don Osenbaugh

From: Richard Ramos [rramos@ksinsurance.org]
Sent: Tuesday, January 24, 2017 4:56 PM
To: 'dosenbaugh@cox.net'
Cc: 'deanna.furman@imacorp.com'; Richard Todd
Subject: Financial Condition Examination of the Kansas Municipal Insurance Trust

A full-scope examination of the **Kansas Municipal Insurance Trust** will be conducted by the Kansas Insurance Department, as of the period ending December 31, 2015.

This letter will introduce and provide authority for our Insurance Examiner, **Richard Todd, CPA**, to conduct this examination on behalf of the Kansas Insurance Department and to present to the company for payment, examination charges pursuant to K.S.A. 40-223 and K.S.A. 40-253. Charges for examination work will be billed to the company and are based upon a calculation using the examiner(s) hourly rate and overall compensation, in addition to a daily processing assessment. The examiner(s) is also authorized to charge the company for those necessary and actual expenses incurred for traveling and subsistence pursuant to K.S.A. 40-223, K.S.A. 75-3203, K.S.A. 75-3203(a), and K.S.A. 75-3207(a). If at any time you have any questions regarding any invoiced examination charges, or are in need of further detail, please feel free to contact Leah Stewart at (785) 296-2496.

Mr. Todd will contact you soon to discuss his arrival on site, if deemed necessary, as well as any logistical requirements. If you have any questions about the upcoming exam or any other comments or concerns, please feel free to contact me at any time.

Thank you in advance for your cooperation.

Richard Ramos, CPCU, CFE, CIE, SPIR

Director, Financial Surveillance Division

Kansas Insurance Department

420 SW 9th St., Topeka, KS 66612

[Facebook](#) | [Twitter](#) | www.ksinsurance.org

785.296.7821 | Fax 785.296.8848

rramos@ksinsurance.org

This communication may contain confidential and privileged information intended only for the addressee(s). Unintended recipients should contact the sender and completely delete the message as soon as possible.

January 25, 2017

Board of Directors and Management
Kansas Municipal Insurance Trust
6021 SW 29th Street, PMB 355
Topeka, KS 66614

We are pleased to confirm our understanding of the services we are to provide for Kansas Municipal Insurance Trust for the year ended December 31, 2016.

We will audit the financial statements of Kansas Municipal Insurance Trust, which comprise the statutory basis balance sheet as of December 31, 2016 and the related statements of revenue, expenses, and changes in fund balance, and cash flow for the years then ended, and the related notes to the financial statement. Also, the following supplementary information accompanying the financial statements will be subjected to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America, and our auditor's report will provide an opinion on it in relation to the financial statements as a whole.

- 1) Schedule of administrative expenses
- 2) Statement of revenues, expenses and changes in fund balance – statutory basis
- 3) Statement of revenues, expenses and changes in fund balance – statutory basis cumulative activity by contract period

Audit Objective

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. We will issue a written report upon completion of our audit of Kansas Municipal Insurance Trust's financial statements. Our report will be addressed to the management and board of directors of Kansas Municipal Insurance Trust. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or withdraw from this engagement.

Audit Procedures

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and direct confirmation of certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under professional standards.

Other Services

We will prepare the financial statements of Kansas Municipal Insurance Trust in accordance with the basis of the financial reporting provisions prescribed or permitted by the Kansas Insurance Department, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

We will perform this service in accordance with applicable professional standards. This other service is limited to the financial statement previously defined. We, in our sole professional judgement, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

You are responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles. You are also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access

to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the company from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the company involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the company received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations. You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon.

You agree to assume all management responsibilities for the financial statement preparation services, and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

Stuart A. Bach, CPA is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. We expect to begin our audit on approximately April 1, 2017.

Our fees for these services will be based on the actual time spent at our standard hourly rates, plus travel and other out-of-pocket costs such as report production, typing, postage, etc. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Based on our preliminary estimates, our fees should approximate \$11,000 for this engagement. Our invoices for these fees will be rendered on an interim basis as work progresses.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Summers, Spencer & Company, P.A.

Summers, Spencer & Company P.A.

RESPONSE:

This letter correctly sets forth the understanding of Kansas Municipal Insurance Trust



Board Signature

01.27.17

Date



Management Signature

1/26/17

Date

Don Osenbaugh

From: Kansas Association of Insurance Agents (KAIA) [info@kaia.ccsend.com] on behalf of Kansas Association of Insurance Agents (KAIA) [info@kaia.com]
Sent: Monday, January 30, 2017 11:31 AM
To: dosenbaugh@cox.net
Subject: KAIA Legislative update- January 30

(See page 2)



January 30, 2017

Committee work is picking up for the 2017 legislative session. Numerous reports and hearings occurred during the past week, and even more are scheduled to begin taking place during the upcoming week. The budget situation is still at the top of nearly all legislators minds as they continue to grapple with the best way to move forward to get through the current fiscal year while also determining how to make the budget and revenue picture work during the two upcoming fiscal years. The only consensus is that there will have to be a combination of cuts, transfers and tax increases to make the budgets work. As is the norm, the amount required by each of those options is the major sticking point.

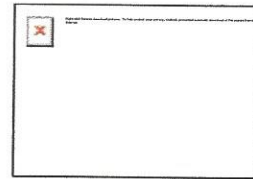
K-12 Statewide Health Pool

The bill requiring employees of K-12 schools to join a statewide health insurance pool was introduced recently and now has a bill number, **HB2142**. The bill, states that the Kansas state employees health care commission shall develop and provide for the implementation and administration of a unified school district employee health care benefits program. The bill goes on to say that employees of school districts and the employees' dependents shall qualify for this new program commencing with the health plan coverage year that starts on January 1, 2019. The bill states that **such employees and dependents shall be eligible to only elect a high-deductible health plan and health savings account under the state health care benefits program**. The bill would prohibit local school districts from offering any plan in lieu of the high-deductible state plan, but does allow the district to provide supplemental coverage.

This bill has been referred to the House K-12 Education Committee for consideration. There is no hearing scheduled for the bill at this time. **However, the committee is holding an informational hearing on the topic on Thursday of this week.** We anticipate that the legislature will delay consideration of the measure until after the Division of the Legislative Post Audit submits their findings on this matter sometime in February.

Fingerprinting of New Agents

The House Insurance Committee held a hearing on HB2067, a bill which amends the uniform insurance agents licensing act to allow for the Commissioner of Insurance to obtain a fingerprint from a person



Kansas Association of Insurance Agents

815 SW Topeka Blvd.
Topeka, KS 66612
800-229-7048
www.kaia.com

FIND YOUR LEGISLATOR

Input your home address [here](#) to find your local Senator and Representative plus their contact info at the Statehouse.

CONTRIBUTE

Your Kansas PAC:
[KIAPAC](#)

Your Federal PAC:
[InsurPAC](#)

2017 COMMITTEE MEMBERS LIST

Download the committee member list [here](#).

2017 SESSION PIANNER

Download the session [calendar](#) to follow along the legislative session.

KAIA Bill Tracker

applying for a resident insurance agent license. The bill is permissive and does not require that the commissioner mandate the fingerprinting of any new applicant for licensure. As the bill reads, if the commissioner required an applicant to be fingerprinted, the process would be accessible and affordable. Clark Shultz, of the Insurance Department, testified in support of the bill. Mr. Shultz noted this additional measure will allow the department to search the out-of-state criminal backgrounds of applicants, improving the security of the system. He also stated that the growing number of states, at least 25, have similar requirements and the adoption here will eventually assist Kansas agents in obtaining reciprocal licensure. The KAIA testified in support of this measure and there were no opponents. Roundly, the committee member comments were positive, but some expressed concern that this is another step by the government to collect and store more secret information on individuals. We expect the committee will consider working the bill on Tuesday.

Click [here](#) for the latest on bills KAIA is tracking.

Pool Examination Bill

The House Insurance Committee passed HB2043 out of committee on Thursday. This bill would remove the statutory requirement that the Commissioner of Insurance conduct an examination of the affairs and the financial condition of each insurance pool once every five years. The bill would still allow for the examination of insurance pools at the discretion of the Commissioner. As you may recall, the KAIA opposed this measure last session. After extensive conversations between the Department and the KAIA, we determined that the quarterly and annual audit requirements that remain in place made the five year examination duplicative and that proper oversight would remain if this bill were to pass. Thus, the KAIA is neutral on the bill this year. The bill now heads to the full House for consideration.

Senate Committee Passes Several Bills

On Thursday, the Senate Financial Institutions and Insurance Committee passed out a few insurance related bills that the KAIA is tracking, but does not have a position. These bills will now head to the full Senate for consideration. Among the bills: 1) SB15, the annual update to risk based capital requirements; 2) SB16, a bill which amends the insurance holding company act; 3) SB17, enacts the fair access to insurance requirements plan act; 4) SB19, which enacts the credit for reinsurance model law; and 5) SB22, updates statutes relating to the regulation of third party administrators. We suspect that the full Senate will consider these bills sometime this week.

Notably, the committee did not consider SB14, a bill which allows for self-storage facility employees to sell limited line, property insurance to customers. As you will recall the KAIA stands opposed to this bill. We expect the committee will attempt to pass this bill out sometime this week, likely Thursday.

Other Insurance Happenings

A few workers' compensation bills have been introduced in the House and Senate. Of the bills published, they all generally are

~~Sweep Lawsuit~~
~~12/29/16~~

Don Osenbaugh

From: Marsha J. Schrag [mschrag@gh-ks.com]
Sent: Thursday, December 29, 2016 2:19 PM
To: Mike O'Neal; Brent Sonnier; Cindy Luxem; Dan Osenbaugh; Don McNeely; Dorothy Pope; Doug Hamilton; Ed Reasoner; Jim Parrish; Josh Ditmore; Kathy Taylor; Kevin McFarland; Lance Cowell; Mike Waters; Patrick Voglesberg; Sarah Hooke; Tina Cox; Aaron Mansfield (AaronMansfield@curo.com)
Cc: Jerry Green
Subject: RE: case update

Fee sweep participants:

Happy almost New Year! I have a year-end update for you. I have been contacted by Jeff Chanay, Chief Deputy A.G. with a new settlement proposal. Jeff is #2 at the A.G.'s Office and is someone I've worked with in the past on various issues. This is his first involvement with our case. They are now offering to have all swept funds from your respective fee funds restored. In addition, they are willing to have the agreement contain the following language: "The legislatively enacted fee sweeps of the Workers Compensation Fee Fund, the Real Estate Fee Fund and the Bank Commissioner Fee Fund contained within 2009 Senate Sub. for House Bill 2373 (Ch. 144 of the 2009 Session Laws of Kansas) was an improper use of the Kansas Legislature's authority to transfer monies held in state agency fee funds to the State General Fund."

This is a big step forward. I have taken the liberty of responding with a request that they consider an earlier provision that would reimburse attorney fees, which would come from the Real Estate and/or Bankers sweeps, so that you participants are made whole. I have also said we need some stronger language which, at a minimum, contains a reference to the applicable statute that facially prohibits such sweeps. Also, I'd reword the proposed language since I don't agree that the State ever has authority to transfer monies held in state agency fee funds to the State General Fund, aside from the statutory administrative fee sweep that some funds are subject to. Under the circumstances of this case, being limited to just the the three funds, this is about as much as we could hope for and does provide something to hold up if and when sweeps are attempted in the future. I'll continue to be working on legislation in the 2017 Session that strengthens the existing statute on protecting agency funds.

In addition, I have advised counsel that we would not be willing to dismiss the case until passage and signature of legislation approving the settlement and assuring payment of the agreed upon funds.

Let me know your thoughts and I'll continue to work on getting this matter resolved. We're coming up on the 7th anniversary! Good grief!

Mike O'Neal

KMIT Member List

January 1, 2017

	Member City	Population [1]	Date Joined	FTE [2]
1	Abilene	6,590	4/1/96	63.0
2	Admire	154	4/1/06	2.0
3	Allen	175	4/11/00	1.0
4	Altamont	1,049	4/1/94	12.0
5	Andale	981	5/1/94	4.0
6	Andover	12,509	4/1/95	72.0
7	Arkansas City	12,205	4/1/05	144.0
8	Atchison	10,771	4/1/94	109.0
9	Atlanta	194	4/1/04	1.0
10	Augusta	9,242	1/1/02	110.0
11	Baldwin City	4,585	4/1/94	40.0
12	Basehor	5,119	4/1/96	22.0
13	Bel Aire	7,284	4/1/09	60.0
14	Belle Plaine	1,627	4/1/12	10.0
15	Belleville	1,917	4/1/04	28.0
16	Bennington	665	4/1/06	2.0
17	Benton	872	4/1/12	6.0
18	Beverly	159	8/9/98	1.0
19	Bird City	439	1/15/94	3.0
20	Blue Mound	275	1/1/09	2.0
21	Blue Rapids	997	4/1/05	5.0
22	Bonner Springs	7,553	1/1/94	81.0
23	Brewster	304	4/1/94	1.0
24	Centralia	508	4/1/94	3.0
25	Chapman	1,417	4/1/12	13.0
26	Chautauqua	106	4/1/96	1.0
27	Cheney	2,153	1/1/94	18.0
28	Cherryvale	2,283	2/1/94	21.0
29	Clay Center	4,177	7/1/04	40.0
30	Clearwater	2,531	4/1/10	7.0
31	Columbus	3,186	4/1/02	34.0

KMIT Member List

January 1, 2017

32	Concordia	5,311	1/1/96	60.0
33	Conway Springs	1,239	4/1/94	8.0
34	Council Grove	2,106	4/1/94	26.0
35	Cullison	104	4/1/01	3.0
36	Damar	132	3/1/05	1.0
37	De Soto	6,038	4/1/94	30.0
38	Dodge Ctiy	28,117	1/1/17	225.0
39	Douglass	1,692	4/1/03	7.0
40	Eastborough	769	11/15/04	7.0
41	Edgerton	1,703	12/11/00	9.0
42	Edwardsville	4,380	4/1/07	41.5
43	El Dorado	12,879	4/1/09	133.0
44	Elkhart	2,113	1/1/94	13.0
45	Ellsworth	3,076	4/1/06	24.0
46	Esbon	98	4/1/94	3.0
47	Eudora	6,303	4/1/03	39.0
48	Florence	444	4/1/06	4.0
49	Ford	220	4/1/01	2.0
50	Fort Scott	7,874	1/1/94	82.0
51	Fowler	560	6/8/95	2.0
52	Frankfort	711	4/1/96	4.0
53	Fredonia	2,372	4/1/03	35.0
54	Galena	2,966	1/1/94	39.0
55	Garden City	27,004	1/1/13	306.0
56	Girard	2,773	1/1/04	35.0
57	Glasco	487	4/1/94	3.0
58	Glen Elder	435	4/1/95	4.0
59	Goodland	4,554	1/1/94	57.0
60	Goessel	514	4/1/16	7.5
61	Grainfield	275	7/9/01	1.0
62	Grandview Plaza	1,670	4/1/04	10.0
63	Great Bend	15,840	1/1/02	150.0

KMIT Member List

January 1, 2017

64	Greeley	296	3/9/98	2.0
65	Grenola	203	4/1/94	1.0
66	Grinnell	258	8/14/06	1.5
67	Halstead	2,084	1/1/94	22.0
68	Hamilton	255	4/1/06	2.5
69	Hartford	367	4/1/06	3.0
70	Hays	21,044	4/1/13	181.0
71	Haysville	11,112	4/1/01	76.0
72	Herington	2,413	4/1/14	36.0
73	Hiawatha	3,108	6/4/95	26.0
74	Hill City	1,454	4/1/95	17.0
75	Hillsboro	2,893	4/1/95	26.0
76	Hoisington	2,664	1/1/94	40.0
77	Horton	1,732	4/1/02	25.0
78	Independence	9,162	3/1/94	144.0
79	Jetmore	864	4/1/94	6.0
80	Johnson City	1,413	4/1/94	14.0
81	Kingman	3,094	4/1/95	37.0
82	Kinsley	1,451	1/1/94	11.0
83	La Cygne	1,116	4/1/09	9.0
84	Lake Quivira	934	12/1/14	10.0
85	Larned	4,023	4/1/08	56.0
86	LKM	NA	4/1/94	15.0
87	Lecompton	637	4/1/07	2.0
88	Lenora	240	4/1/97	2.0
89	Leoti	1,496	4/1/02	8.0
90	Lincoln Center	1,266	9/3/02	12.0
91	Lindsborg	3,438	4/1/12	31.0
92	Logan	569	4/1/13	4.0
93	Lucas	393	6/1/94	4.0
94	Maize	4,073	6/25/94	19.0
95	Marion	1,861	4/1/15	32.0

KMIT Member List

January 1, 2017

96	Marysville	3,295	10/1/94	36.0
97	McFarland	257	4/1/94	1.0
98	Medicine Lodge	2,021	4/11/95	19.0
99	Melvern	369	4/1/96	2.0
100	Minneapolis	2,029	1/1/94	25.0
101	Moline	344	4/1/94	3.0
102	Montezuma	979	4/1/94	6.0
103	Mound City	682	4/1/96	5.0
104	Moundridge	1,726	4/1/12	17.0
105	Neodesha	2,400	4/1/98	49.0
106	Neosho Rapids	262	4/1/06	2.5
107	Newton	19,120	1/1/94	176.0
108	North Newton	1,788	4/1/13	5.0
109	Oakley	2,075	4/1/13	27.5
110	Oberlin	1,749	1/15/94	15.0
111	Ogden	2,138	4/1/01	8.0
112	Olpe	537	4/1/94	2.0
113	Osage City	2,862	4/1/94	35.0
114	Osawatomie	4,357	4/1/08	75.0
115	Oskaloosa	1,086	4/1/94	5.0
116	Oswego	1,781	4/1/95	21.0
117	Palco	282	4/1/04	2.5
118	Paola	5,593	4/1/94	60.0
119	Parsons	10,174	4/1/05	133.0
120	Peabody	1,156	4/1/01	9.0
121	Pittsburg	20,394	1/1/14	250.0
122	Princeton	267	4/1/94	5.5
123	Ramona	181	4/1/06	1.0
124	Ransom	289	1/1/95	2.0
125	Reading	228	4/1/06	2.0
126	Roeland Park	6,840	12/31/00	31.0
127	Rose Hill	3,960	4/1/94	23.0

KMIT Member List

January 1, 2017

128	Russell	4,484	1/1/94	75.0
129	Satanta	1,117	4/1/02	4.0
130	Scranton	693	4/1/12	6.0
131	Sedan	1,065	7/1/94	11.0
132	Sedgwick	1,701	4/1/94	9.0
133	Sharon Springs	756	4/1/06	8.5
134	Smith Center	1,641	4/1/13	21.5
135	Spearville	806	5/8/00	4.0
136	Spring Hill	5,896	4/1/01	35.0
137	St. Francis	1,312	4/1/05	20.0
138	St. John	1,244	4/1/16	15.5
139	Stafford	1,002	4/1/03	14.0
140	Sterling	2,303	4/1/15	16.5
141	Stockton	1,315	4/1/02	50.0
142	Sylvan Grove	268	4/1/12	2.0
143	Tampa	108	4/1/06	1.0
144	Tescott	318	4/1/95	2.0
145	Tipton	207	7/27/01	2.0
146	Tonganoxie	5,192	4/1/97	28.0
147	Turon	378	9/10/95	2.0
148	Ulysses	6,160	3/31/95	40.0
149	Valley Center	7,057	4/15/94	45.0
150	WaKeeney	1,797	4/1/03	20.0
151	Wakefield	967	1/1/95	3.0
152	Walton	239	4/1/94	2.0
153	Wamego	4,578	1/1/94	40.0
154	Wellington	7,942	4/1/95	123.0
155	Wellsville	1,822	3/31/01	10.0
156	Westwood	1,534	7/1/12	13.0
Total		497,822		4,839.0
Small		98		1.0
Large		28,117		306.0

KMIT Member List

January 1, 2017

Median	1,641	13.0
Avg	3,212	31.0
City Pop.		FTE