

# **KMIT Historical Perspective**

**1993-2022**

# The 'Early' Years

1993-2000



# **1993-1996: The Roots**

- **‘HARD MARKET’**
- **Many cities in assigned risk pool—pushed out by private carriers (who are eliminating risks)**
- **Steering Committee**
- **January 1, 1994: KMIT launches**
- **58 ‘Charter Member’ Cities** (including Halstead, Newton, Hoisington, Jetmore, Wamego and Baldwin City)
- **IMA—Paul Davis**

# 1997-2000: Survival Mode

- ‘Soft Market’
- Dot Com Boom
- KMIT almost goes under—must discount significantly to stay alive
- **88** members as 2000 ends...
- Dot Com BUST...



# **‘LKM/Osenbaugh’ Years**

## **2001-2012**

# 2001: New Era

- ‘Osenbaugh ERA’ begins, March 1-ish, 2001
- Osenbaugh—three jobs at LKM, ONE of which was KMIT
- **Virtually NO Files at LKM; NO established processes; NO ONE at LKM knows anything about work comp, etc. (except maybe bookkeeper); NO KMIT staff.**
- **MONTHLY** Hard-Copy Newsletters—‘Comp Control’ and ‘City Safe’ (replaced ‘Training Tips’)
- ‘HARD MARKET’ returns, following Stock Market decline (also exacerbated by 911)
- Private Companies (primarily EMC) again pushing cities out of the market
- KMIT begins Agent Commissions
- KMIT major growth years just starting
- IMA—Victoria Vanderhoof
- End of 2001 Net Worth: **\$200K?; 100 members**

# **2002—Marketing Plan\***

- **Service**
- **Branding**
- **Market**
- **Agents**

# 2002-2007: Growth and LKM Issues

- End of 2002 Net Worth: **\$200K (est); 108 Members**
- **2002—Supervisor Seminars\*** developed and started (forced by LKM to charge and operate as ‘MLAs’)
- **LKM Accounting Issues Identified**
- **LKM changes bookkeepers several times, one long-term, part-time interim accountant included**
- **Move to IMA Accounting**
- **KAIA continues ‘assault’ on pools**
- End of 2007 Net Worth: **\$1,144,433; 140 Members**

# 2008-2010

- End of 2008 Net Worth **\$2,299,021; 141 Members**
- Accounting problems identified and rectified
- Deanna Furman hired—internal issues at LKM more fully emerging
- Shift to Q Newsletters (CC and CS combined) Still Hard Copy
- IMA/Cornerstone--Gene Miller
- One LKM position eliminated. DF now 'full time' KMIT (HA!)
- **Board Lowered LCM by 7.5%, due to Recession (Aug 2010, for 2011 and 2012)**
- 'Sweep' Lawsuit begins...ends in 2019
- 12/31/10 Net Worth **\$4,073,287; 141 members**

**Exiting LKM**

**2011-2012**

# **2011-2012: 'Stuff' Happens**

- **Meeting with Herb Llewellen ('Timbuktu'), August 2011**
- **LKM Board Meeting (Hutchinson), 9/9/11**
- **Meeting with Don Moler (Emporia KTA), 9/20/11**
- **'Quiet Conversation' with KMIT Exec Committee, starting at LKM in Wichita, in Oct '11**
- **First Full Board 'Notification', Dec 2011 ('INfamous' IMA mtg)**
- **Resolution of Intent\* by KMIT and LKM Bd (early 2012)**
- **LKM/KMIT 5-year Exit/'MOU'Agreement\*—Spring 2012**
- **IMA/Cornerstone—Deanna Furman/Jess Cornejo/Renee Rhodes**
- **12/31/12 Net Worth: \$3,927,722. Members: 141**



# 2013-2016: First 5 Years of 'Stand-Alone'

- 2012 Final Net Worth: **\$3,927,722; 141** members
- **LKM blows up** June 1, 2013
- **KMIT changes banks–RFP** starts in late spring; move to Commerce finalized in Fall of 2013
- **POET** (start of concept? 2014-2015?) Wellington-'Pilot'
- **'June Mod'** (start date?)
- **Estimating Payroll** by KMIT (start date?)
- **Fri 12/9/16—IMA/Cornerstone 'Notification' of TRISTAR deal**
- **Tues\* 12/13/16—Mtg with TRISTAR Rep, in Wichita (w/RF)**
- **12/31/16 Net Worth: \$5,975,000; 156** members



# **2017-2018: TRISTAR and MPR**

- **IMA/Cornerstone—Kyle Johnston/Barbie Kifer**
- **2017: By-Laws Change, Allowing Non-City Mbrs and reducing LKM \$**
- **Bi-Monthly DIGITAL KMIT Notes begins early 2018**
- **2017-2018 KMIT-'Owned' Permanent Files System Approved, Developed and Implemented**
- **MPR 'Attempted Raid', fall '17-'18. (Several mbrs actually 'left' KMIT.)**  
**Dissatisfaction with TRISTAR, Jan 2017—all of 2018**
- **Exec Bd mtg in Hutch, May 2018\*** (Webb resignation).
- **TPA RFP Plan Development, June 2018-**
- **First Community College Members (Coffeyville and Independence, July 2018)**
- **12/31/18 Net Worth: \$6,209,100. 162 Members.**

# 2019-2021: CIS and Pandemic

- **CIS** Selection, all of 2019
- Jerry Smades
- **Keeping** Gene and Andrea
- CIS Start Date 1/1/20
- **COVID** March 2020-
- Mostly **ZOOM** Board Meetings, April 2020—mid-2021
- **ZOOM** Annual Meeting, October 2020
- **'Modified'** Annual Meeting, October 2021
- KMEA joins KMIT (July 2019)
- First Township Member (Bruno, June 2020)
- First County Member (Harvey, effect 1/1/22)



# KAHP-2021

- Don 'Concept' Meeting with IMA/Cornestone, **May 13**
- 'Leaders' Meeting at IMA, June 16 (Pres GD, et al)
- Trustee Meeting, June 25
- TF First Meeting, July 20
- TF Mtg #2, August 3
- TF Mtg #3, August 17
- Trustee Meeting, August 27
- TF Mtg #4, August 31
- TF Mtg #5, September 14
- Webinar, September 22
- By-Laws Change, Special Meeting, **December 10**
- LAUNCH

# 2022-KAHP Marketing



# **KMIT**

## **Files and Processes 'Brief' 2022 Update**



# 2022—So Far...

## January 1:

- **165** Total Members, after adding (net) 2 in 2021
- **12/31/21 Net Worth (unaudited): \$6,843,425**

## April 1 (+10-1):

- **174** Members
- **End of City ‘Growth’ Years?** (see Norton and Scott City...local agents)
- **The Job is to Provide The BEST SERVICE to Members**

**KAHP—Marketing, Marketing, Marketing, Marketing...**

**It's**  
**Not By Accident**  
**That KMIT Is**  
**Where It Is Today**



**KMIT is Dynamic—  
It Does NOT Stand Still.**

**KMIT  
Changes and Improves  
CONTINUOUSLY.**



**KMIT**

# Marketing Plan

*Draft*

**February 2002**

# KMIT Marketing Plan

KMIT's Marketing Plan is rooted in the following four concepts: **Service Delivery, Primary Market Identification, Branding, and Agent Participation.**

## Service Delivery

The most important question to be answered when marketing ANY company or ANY product is, "what is it that the company or product 'IS'; in other words, exactly what is being 'sold' (marketed)". Without a doubt, KMIT is about SERVICE. KMIT sells SERVICE. (Price is important, but is NOT what sustains growth in KMIT over the long haul. Only five cities have left KMIT during its 8-year history. Certainly SERVICE is what keeps KMIT members in the pool, over the long haul.)

During 2001, KMIT grew from 88 to 100 members (after having very little growth over the preceding several years), an increase of 13.6%. 2002 is expected to be another rapid growth year. Clearly, KMIT is evolving into a very large business, with total annual premiums possibly climbing to as high as \$3 million in the not-too-distant future.

Maintaining a business of the size to which KMIT has grown means one thing: service delivery. A SERVICE attitude and perspective must be maintained, not only to sustain the needs of the current membership, but also to

identify for prospective members that KMIT understands what it is, and lives a "service first" motto. A reputation for providing excellent "service" is at the heart of a successful business, and KMIT IS a business.

Among the specific service-delivery needs identified as those to which KMIT must achieve excellence are:

**Risk Management**—services currently provided by IMA are viewed by our "customers" as top quality. This aspect of our service must be kept at a very high level, and also at the forefront of any marketing plan. The city visits and the Safety Olympics are strong components of our RM program, and also serve as a vital marketing tool.

**Claims Management**—This IMA service is also seen as of the highest quality. Frankly, Victoria is one of our best attributes, and we should "use" her extensively in marketing our pool. Additionally, effort to strengthen this component (via city supervisor training on "return to work" issues, etc.) should be considered, as cost containment will become an even greater challenge for KMIT as it goes through a very significant change in size.

**"Home Office" response**—the League staff at KMIT must endeavor to remain highly service-oriented. The motto, "The customer is always right" does apply to KMIT. Prompt, accurate and friendly responses to the needs of our current and prospective members must be one of



our highest priorities. KMIT IS a business, and must be operated like a business.

**"City-to-City", "Face-to-Face Interaction"**—the pool administrator/agent (and, from time to time, the program manager/agent) will continue to "market" KMIT, both to existing and prospective cities as he/she also serves as the "field rep" for the League. The value of this type of marketing is sometimes difficult to quantify, but is significant—not only to contribute to continued "good feelings" of current members, but also as a sure-fire way to get the message out to possible new members. (City folks do talk to other city folks.) This is another important service aspect. Customers want to SEE the people they do business with. And, when THEY can't see them, they at least will know that somebody is seeing them (through the "On The Road" pieces in the Journal, etc.).

The role of email and the internet, to supplement and complement face-to-face contact, is also a must in a modern successful service and marketing concept, and is certainly a big part of the KMIT philosophy.

**"Regional Training"**—Work in this area should not only help reduce costs, as mentioned above, but is also represents a great way to get the KMIT name out to all cities.

### **Primary Market**

In August of 2001, KMIT staff studied the "demographics" of the universe of current and

prospective KMIT members, starting with the universe of all LKM members (a requirement of membership in KMIT). At that time, it was discovered that a very high percentage of all current KMIT members came from a fairly definitive subgroup of all LKM members—that grouping being those cities with populations between 1,500 and 10,000. At that time (August 2001), there were 119 cities in the above size range, and 47 of those were KMIT members (out of 99 KMIT member cities). So, nearly one half of KMIT city/members were between 1,500 and 10,000; with the other "half" (52 members) coming from the remaining 409 LKM cities. Obviously, for some reason, the KMIT pool has tended to "fit" that range of cities so well over the years. Why?

KMIT has flourished in the above population cities (those in the Primary Market range) best because those cities can best utilize KMIT's services—namely its emphasis on risk and claims management. The smallest cities tend to have too few employees to develop "real" safety programs, etc., even with IMA's help. The larger cities tend to have in-house risk management programs, and the largest ones tend to be self-insured in work comp.

Additionally, the smallest cities tend to represent much more monetary risk than benefit to the pool. Since the pool is first and foremost a business, the smallest cities are not seen as a good business risk, though ALL LKM members remain eligible for KMIT membership.



In terms of marketing the pool, the Primary Market will get the most attention of the agents and the marketing program. KMIT will certainly continue to market to the larger cities (especially those between 10,000 and 20,000, seen as a part of the "Secondary Market"), and to the cities between 1,000 and 1,500; the other portion of the Secondary Market. Marketing to cities under 1,000 will be mostly incidental, but those cities will be "worked" just as the others when they seek KMIT membership information.

Field trips made by the Pool Administrator and agents (while fulfilling other LKM duties and responsibilities), will include stops in Primary Market cities whenever possible, and those cities will be given "weight" when planning travel routes and times, etc. Other marketing tools, such as periodic mailings, etc. (in 2001, a few selected "primary" cities received Christmas cards, for example) will also emphasize the Primary Market cities.

Use of the terms "Primary" and "Secondary" are meant to reflect the marketing effort on the part of the KMIT staff-based on the realistic understanding of which size cities best "fit" the KMIT "model", for all the reasons outlined above. In NO WAY is ANY LKM city seen as inferior to any other as a result of this business-oriented marketing plan classification process. KMIT certainly continues to quote any LKM city which is interested in the work comp pool, and will welcome in any such city with open arms.

## Branding

The first and most important aspect of branding was addressed early in the Service Delivery section (above), and that is deciding who we are. Branding is the process of identifying a business to its universe of "prospects" through a variety of means, but begins with understanding what the "brand" means. KMIT's brand should stand, first and foremost, for SERVICE.

Branding our "product" involves all those "typical" marketing devices--ads in the *Journal*, the annual golf tournament, a booth at the annual LKM conference, the annual meeting (which is really a marketing tool, as well as a legal requirement), flyers, handout "goodies", and the like. These have been, and always will be, an integral aspect of branding. What is important is to be able to tie the "message" to the brand. That may be where KMIT can improve some in the future.

Other physical branding techniques may be far less obvious, but just as, or more, important. Things such as making sure our "label" (seen here)	
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The above logo is now being put on virtually everything that KMIT puts out, including its new letterhead, along with the colors yellow and purple, all of which are being featured whenever and wherever possible (business cards, information packets, *CompControl* [which converted to a yellow and purple only theme with the last edition], etc.)

Using the KMIT colors and logo to highlight newly-expanded information and quote-bid packets to cities and agents is a great way to get the word out on the KMIT brand.

### **Agent Participation**

Probably the most important factor in KMIT's current "growth spurt" (along with the "hard" market) is KMIT's willingness to "embrace the opportunity" to work through established agents currently servicing LKM cities. Many cities who are NOT currently KMIT members are NOT because of long-standing good relationships with local agents. KMIT is now working very closely with these agents. Working with agents often requires a totally different set of "givens", revolving around how much involvement the agent has had with the city, and how much the agent and the city want the agent to continue to have. That range of possibilities is great.

Further, agents sometimes ask an entirely "new" set of questions, etc. from those typically encountered by KMIT. Agents are used to

working in regular insurance markets, NOT pools. Many agents are skeptical of pools—after all, they have been trained to market insurance in an entirely different way. Working closer with agents mean that KMIT must be willing to be flexible, and be willing to change.

One of the issues which must be resolved by KMIT is the issue of agent commission—whether or not it will remain to be seen as in the best interest of the pool to pay commissions as a line-item expense of the pool as a whole (and not add the commission to the premium) is a question which will likely need to be addressed and answered in the near future.

## **Conclusion**

Marketing is about growth. But, marketing is about more than JUST growth. While it is desirable to continue to grow—by adding cities and premium, it is even more important to do those things well which will sustain KMIT in the long run. Quality service must be maintained—that is what KMIT is, and will always be, about. KMIT's recent growth, from 87 cities at the end of 2000 to (very likely) close to 110 cities by the spring of 2002, represents a significant service-delivery challenge. Any greater rate of growth would very likely strain that service system, and would not necessarily be a good thing for the pool. Marketing is also about continually striving to add to the well-being of the

program, and continuing to add subtle and positive touches to that effort, as well as being always alert to the work comp market and to the needs of our clients—the cities of Kansas.



Complentrol Newsletter  
Oct/Nov 2002

## Dear KMIT Members,

Summer is winding down, at last. I, for one, am ready for Fall. And, Fall means it's Annual Meeting time. You should get this before the League Conference and **KMIT Annual Meeting**. If you haven't yet decided to come to the KMIT breakfast on Monday morning (October 14, 7:30 AM), here's one more reminder that all you have to do is show up. Remember, **breakfast is FREE, but only to the first 125** who arrive at the door (since a specific and limited number of breakfasts must be advance-reserved through the conference hotel). All city delegates will be able to be seated, and will be able to participate fully, though it's possible that some may not be able to eat, depending upon how many people show up that morning. (The Kansas Ready Mix group is also providing a free breakfast, at that same time, to any city delegate attending the League Conference, so **there will be a breakfast option at the League Conference for everyone**, even if the KMIT meeting does fill up.)

Also remember that the **Seventh Annual KMIT Golf Classic** will take place on **Saturday, October 12** (as a prelude to the League Conference), just southeast of Wichita, at the **Hidden Lakes Golf Course**, located at Greenwich Road and 63<sup>rd</sup> Street South. Four-person teams will tee off at 8 AM, in a "Shotgun" start. As last year, the entry fee is \$60 per player. Send your entries to Denise Humphrey, or contact Denise with your team names at [dhumphrey@networksplus.net](mailto:dhumphrey@networksplus.net) or at the League phone, 785-354-9565.

As promised earlier in the year, we are **embarking on a series of Supervisor Training Seminars**, starting in early October (perhaps even before you receive this in the mail). These seminars are aimed specifically at supervisors, and are geared to educate and to emphasize to that group how vital their role is in controlling and minimizing work comp losses. KMIT agent Bret Glendening, IMA's Victoria Vanderhoof, and Precept/Corvel's Marcia Payne will join me as presenters in this series of three-hour workshops. **Here are the October dates and sites: October 9, Abilene; October 10, Augusta; October 23, Baldwin City; October 24, Baxter Springs.** Next February, we'll be in **Oberlin, Hays, Dodge City and Kingman**. Registration forms and details can be found online at [www.kmit.net](http://www.kmit.net). Or, call or email Wendy Flowers, [wflowers@networksplus.net](mailto:wflowers@networksplus.net). I think this is one of the most important forms of training KMIT will ever do. Please try to send as many of your supervisors as possible. The more the merrier; the more the better for your city and for your KMIT pool.

KMIT will be mailing quotes for 2003 sometime in November. New enrollment forms went out in mid-September; please fill them out as accurately as possible, and **PLEASE** do your best when estimating your 2003 payroll. **Premium rates will be higher for next year.** At its August meeting, the KMIT Board of Trustees voted to submit a revised "loss-cost multiplier" rate to the Kansas Insurance Department for approval. **The new factor is 1.46**, up from 1.31, which means, that, all other variables (individual city loss history and payroll) being equal, the **annual premiums will go up by around 11.5%**. The change was made in recognition of the suddenly higher cost of doing business, and to increase a reserve level that needs to be some higher in order to insure the continued stability of the pool. **KMIT's premium rates will continue to be very competitive** in the work comp marketplace, and **KMIT will, as always, strive to provide the very best in service to its clients:** you, the cities of the League of Kansas Municipalities.

Look me up in Wichita if you get the chance, and stop by our **KMIT booth**, located very near the conference registration.

**Don Osenbaugh**  
Pool Administrator



ART

STATE OF KANSAS  
Department of Administration  
To the Treasurer of State: Topeka, Kansas

2005479943

Date: 05/04/2021

Pay Amount

\$ 90,322.49

FOR AMOUNT ONLY

nety thousand Three hundred Twenty Two dollars and 49 cents\*\*\*

to the KANSAS MUNICIPAL INSURANCE TRUST  
ler of PMB 355

Unit  
100

Cash Immediately - Void One Year From Date of Issue

*J. W. Rogers*  
Director of Accounts and Reports  
State Treasurer

2005479943 101101154 999 911

ance Department

STATE OF KANSAS

< Date: 05/04/2021

Vendor Number: 0000517733

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Invoice Number

Invoice Date

Check No: 2005479943

NC012

REFUND OF 2010-2012 WC ASSESS

04/06/2021

Paid Amount

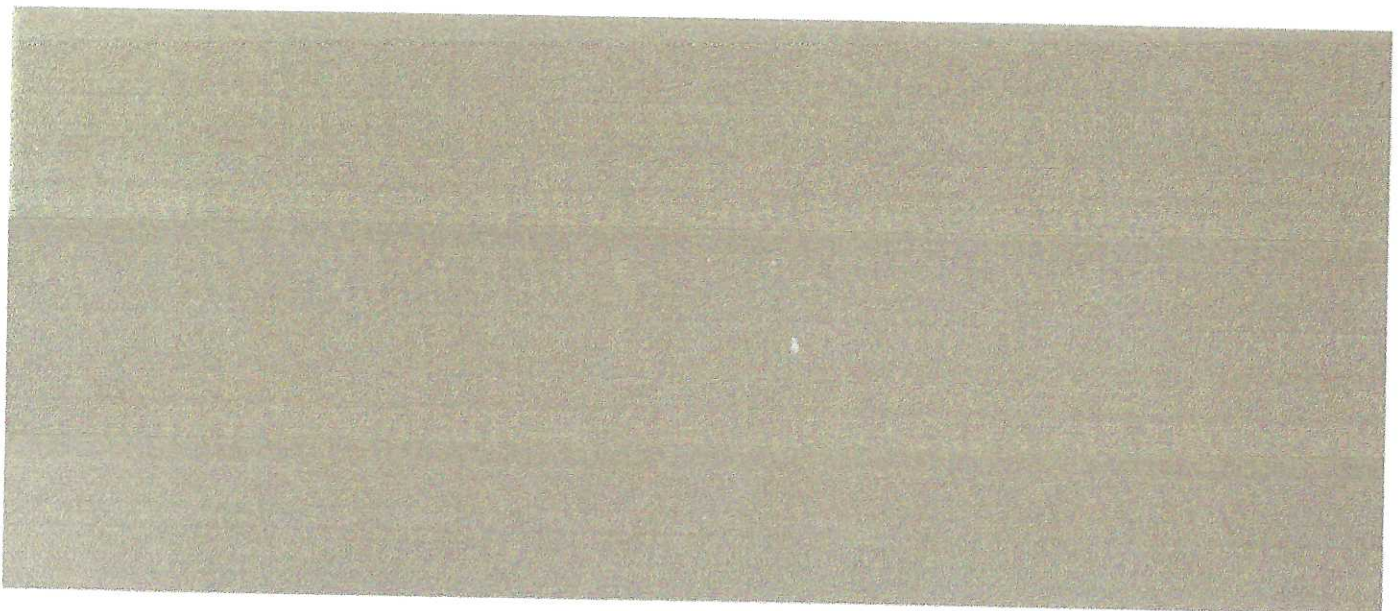
90,322.49

itions? Telephone your state agency contact or, if unknown (785) 291-3800

Total

Paid Amount

\$ 90,322.49



## RESOLUTION OF INTENT

IT IS THE INTENT OF THE BOARD OF TRUSTEES OF THE KANSAS MUNICIPAL INSURANCE TRUST (KMIT) TO ***RE-DEFINE THE ONGOING RELATIONSHIP*** BETWEEN THE LEAGUE OF KANSAS MUNICIPALITIES (LKM) AND KMIT.

WHEREAS: In the early 1990's, cities were having difficulty finding affordable workers compensation insurance and companies to provide that insurance; and

WHEREAS: LKM formed KMIT in 1994 to address the needs of municipal governments to meet changing markets and increased costs; and

WHEREAS: KMIT was formed under the guidance of LKM and that LKM membership has been an integral part of KMIT operations; and

WHEREAS: LKM has provided Pool Administration to direct the operations of KMIT during the entire existence of KMIT; and

WHEREAS: By the end of the first year KMIT had 58 member cities with premiums over \$1.4 Million; and

WHEREAS: KMIT grew steadily to 88 members and over \$1.7M in total premium through the year 2000; and

WHEREAS: Since 2001, the Pool has experienced tremendous growth, and KMIT has now become a large, complex, and technical business, consisting of 140 members and annual premiums approaching \$5M; and

WHEREAS: KMIT administration now comprises a substantial portion of the LKM budget, and that by modifying its relationship with KMIT, LKM can achieve substantial reductions in operating expenses as well as net increase in revenue;

WHEREAS: It is now understood by both LKM and KMIT as being in both organizations' best interest to redefine a new business relationship and create an independent KMIT;

THEREFORE, the League of Kansas Municipalities and the Kansas Municipal Insurance Trust have agreed in principle to organizationally separate, and the KMIT Board of Trustees direct and authorize the KMIT Executive Committee and KMIT Pool Administrator to negotiate terms of agreement of the several issues and documents required to advance the above actions:

Section 1. That KMIT will negotiate the necessary written agreements with LKM to transition KMIT from LKM oversight, in order to become an independent agency.

Section 2. That the Executive Committee and the Pool Administrator will prepare revisions to the KMIT by-laws sufficient to accomplish the objectives of this resolution.

Section 3. That the effective date of transition will be January 1, 2013.

Section 4. That KMIT will provide an annual endorsement fee to LKM of \$70,000 each year from 2013 through 2017 (calendar years 2013, 2014, 2015, 2016, 2017).

Section 5. That municipal membership in LKM will be required for each city currently enrolled in KMIT and for those that seek enrollment during the period this agreement is in place.



Section 6. That the KMIT Executive Committee and the Pool Administrator will negotiate agreements to operate the Pool, including, but not limited to: risk management, accounting, loss control, claims management, marketing/retention, general administration (renewals, member services, sub-contractor management, etc.), and any other professional services required.

Section 7. That the KMIT Executive Committee will negotiate employment transition plans for the two full-time LKM staff that currently supports KMIT activities.

Section 8. That the general membership of KMIT approves by-laws changes authorizing KMIT to become an independent entity at the KMIT Annual Meeting.

Section 9: That, in conclusion, the KMIT Board of Trustees resolves to maintain the very high level of service and commitment to member cities of KMIT, and to all of the Cities of Kansas, and to continue the tradition and standard of excellence long-since established by KMIT in concert with its member cities.

Approved by the KMIT Board of Trustees on this 17<sup>th</sup> day of February, 2012.

Daron Hall, President

Larry Paine, Vice President

Herb Llewellyn, Treasurer

Bobby Busch, Immediate Past President

## MEMORANDUM OF UNDERSTANDING

*8/4* This Memorandum of Understanding (Memorandum) is made and entered into as of the 8th day of June, 2012, by and between League of Kansas Municipalities (LKM), and the Kansas Municipal Insurance Trust (KMIT).

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

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

NOW THEREFORE the parties do hereby agree as follows:

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



6. **KMIT Duties.**

a. KMIT will pay LKM a total of \$70,000 per year for five years, payable in quarterly installments of \$17,500 due January 1, April 1, July 1, and October 1. LKM will invoice KMIT in advance of the due date.

b. Membership in LKM will remain a prerequisite for membership in KMIT, and this requirement will remain in the KMIT bylaws.

7. **LKM Duties.**

a. KMIT may use the current LKM logo on KMIT stationery, brochures, business cards, the KMIT website, and other KMIT materials for the purpose of demonstrating LKM's endorsement of KMIT.

b. LKM will provide KMIT a full-page advertisement in the Kansas Government Journal each month, the placement location of the advertisement and the content subject to LKM's editorial control. Such advertisement shall include the LKM logo and reference to LKM's endorsement. Provided, however, LKM will guarantee KMIT either the inside front cover or the inside back cover at least four times per year.

c. LKM will include a listing for KMIT in the Annual Conference Vendor/Sponsor guide.

d. LKM will print the KMIT logo on KMIT member cities' registrant badges at the annual conference.

e. LKM will transfer the ownership of the computer now used by Deanna Furman to KMIT.

f. LKM will transfer the ownership of the LCD projector and the cellular phone currently used by Don Osenbaugh to Don Osenbaugh. If presented the proper form to consent to the portability of the phone number currently assigned to Don Osenbaugh, 316-259-3847, LKM will sign such consent.

g. All KMIT files and information will remain the property of KMIT.

h. KMIT will continue to own the domain name [www.KMIT.net](http://www.KMIT.net).

i. Don Osenbaugh and Deanna Furman will continue to have access to the filing cabinets and office space housing KMIT materials during 8:00 a.m. to 5:00 p.m. business hours through March 31, 2013, for the purpose of removing such files and materials. LKM office keys, however, will be surrendered by Deanna Furman and Don Osenbaugh prior to January 1, 2013.

j. LKM will forward any correspondence received at 300 SW 8<sup>th</sup> Ave., Topeka, KS, addressed to KMIT, to an address provided by KMIT for an indefinite time.

k. LKM will set both Don Osenbaugh's and Deanna Furman's LKM email addresses to be forwarded to email addresses provided to LKM through March 31, 2013.

l. Suitable space for KMIT's annual meeting at LKM's annual conference will be provided without charge by LKM. KMIT will be responsible for all other expenses of the meeting, including but not limited to, food, beverages and any audio-visual equipment and services.

m. KMIT will be provided a complimentary Municipal Business Associate Extended Package. As a benefit of such membership, KMIT will receive the following:

1. One subscription to the *Kansas Government Journal*.
2. One copy of the *Directory of Kansas Public Officials*.
3. LKM's League News.
4. An online listing in the Business Links section of the LKM website.
5. A listing in the Municipal Products & Services Guide.
6. Two complimentary full registrations for the annual LKM Conference.

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

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

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

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

“KMIT”

Kansas Municipal Insurance Trust

By: Larry Paine 4/30/12

Larry Paine, President  
Kansas Municipal Insurance Trust

“LKM”

League of Kansas Municipalities

By: Don Moler 6/18/12

Don Moler  
Executive Director

**ROUGH NOTES for Tri-Star meeting on Tuesday, December 13.**

2016

WHO is KMIT?

What is KMIT's mission? It's Philosophy and 'Style'?

How is KMIT structured?

What does claims management mean to KMIT? More than adjusting claims.

KMIT is the Client (customer). NOT IMA. KMIT is not just a part of the 'pool group'.

KMIT expects its primary adjuster (Gene Miller, whose title with KMIT will remain KMIT Claims Manager) to be totally dedicated to KMIT.

Tri-State works FOR KMIT, and only WITH IMA/Cornerstone, regardless of where Tri-State is housed.

NOBODY from Tri-Star will EVER contact any KMIT cities or claimants directly, EXCEPT KMIT-specific adjusters. UNLESS otherwise approved by the KMIT Pool Administrator.

Any/EVERY decision which looks to change anything KMIT normally does WILL be made only after consultation with the KMIT Pool Administrator. IMA makes NO decisions for KMIT unless specifically authorized to do so.

KMIT expects personalized service and approach.

IN WRITING. Gene Miller will remain THE KMIT Claims Manager.

Gene will be given the same latitude as now, and will 'report' to Don Osenbaugh.

Gene will not be assigned cases other than KMIT, and will be not assigned medical-only claims.

Who evaluates Gene and Amanda...as to the job they are doing for KMIT?  
Not for the job they are doing for Tri-Star (processing the system, etc.)



Tri-Star may not change KMIT adjusters without specific approval of the KMIT Board. IN WRITING.

Tri-Star and IMA/CORnerstone must each give a GUARANTEED 2018 contract amount to KMIT, NOW.

Tri-Star and IMA/CORnerstone must each give KMIT an estimated contract amount for the years 2019-2021.

KMIT will hold both Tri-Star and IMA/CORnerstone liable for everything claim-related in 2017.

Tri-Star will, in writing, agree to 'brand' KMIT in the way KMIT requests.

KMIT does not necessarily consider TRI-STAR its contractor until TRI-STAR is under contract to KMIT.

KMIT owns all claims data. TRI-STAR reports all data to all regularity agencies, AND gives to KMIT reports of same.

Tri Star's client is KMIT; NOT IMA. EVEN IF Tri-Star is located within IMA's offices and serves the other IMA-related pools as a group.

City reporting requirements? EDI?

Who is in control of old files and current claims files?

KMIT forms; NOT Tri-Star. see #12 and on ALL forms and correspondence.

Who chooses lawyers?

Who do I contact about system questions? Will there be a bureaucracy?

# Kansas Municipal Insurance Trust

2250 N. Rock Rd. Ste 118-PMB302 Wichita, KS 67226



2017/2018

## Board of Trustees

**Randy Frazer**  
President  
Moundridge

**David Dillner**  
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**Kerry Rozman**  
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**Carey Simons**  
Pittsburg

**Michael Webb**  
Edwardsville

**Greg DuMars**  
Lindsborg

**Don Osenbaugh**  
Pool Administrator

Michael Webb, MPR Board Chair and MPR-KS Board Chair  
Terry Norwood, MPR President/CEO

May 23, 2018

Michael and Terry,

I am writing this letter to both of you with the direct approval of KMIT President Randy Frazer, and on behalf of the KMIT Executive Committee.

And, I write this letter in the spirit of continued friendship and cooperation.

Terry, as you know first-hand, general conversation took place in early and mid-2013 between MPR and KMIT; the subject was joining forces in some way, with MPR providing P&L coverage, as it had already been doing in Kansas for some time at that point. In June of that year, you and then-MPR-KS President Jack Helin (Bonners Springs, a KMIT member city) attended, at your request, a KMIT Trustee meeting in Andover. Subsequent to that, you and I, and Melanie Matt, met at least once later on (I recall either a lunch or dinner at Applebee's in Ottawa), and I also attended the MPR Annual Meeting and Conference in Branson that September (2013), at your invitation. Ultimately, KMIT and MPR 'agreed' to remain casual business associates and friendly cooperatives, KMIT decided it was not interested in carrying on any kind of *formal* business partnership (your P&L combined with our work comp), nor was I.

Since that time, KMIT has participated/cooperated indirectly (mostly through local agents) with MPR on a number of occasions, and I have personally referred cities and agents (most recently just this spring) to MPR as a possible resource for P&L coverage. I have spoken with Melanie many times at conferences and other meetings (most recently in Wichita, during the CCMFOA Spring Conference in March), and she and I have enjoyed several lengthy and good conversations--I never got any



feeling from Melanie that MPR and KMIT were rivals. In other words, the relationship between MPR and KMIT has always been productive and cordial.

Throughout the entire time I have known, and worked with, MPR (prior to late last summer, 2017), I had never once heard of any discussion of MPR doing any *current* study or research, or taken any steps, towards developing and marketing a work comp pool in Kansas. In fact, when (on behalf of the KMIT Nomination Committee) I asked Mike to come onto the KMIT Board two years ago (summer of 2016), it was with the same spirit of cooperation and friendship that had always been the norm in our (KMIT/MPR) joint relationship. And even though I was questioned by others at that time about having an MPR Board member on the KMIT Board, and even though Mike reminded me at that time that MPR had, at one time, considered work comp in Kansas, and could possibly study that again in the future, I still felt Mike was a good choice for our Board for more than one reason.

The picture changed somewhat for me late last summer or very early fall (2017), when, in the course of a few weeks, several KC-area associates (three in all, as I recall) implored me talk to Mike about MPR having discussions regarding work comp in Kansas. I contacted Mike at that time (via email, I think...), and set about trying to arrange a face-to-face meeting to find out what was going on. Due to schedule conflicts, that meeting did not take place until the KACM Fall Conference (Lenexa, November 17). Randy Frazer sat in on that meeting.

That November (2017...just over six months ago) meeting, lasted nearly an hour, and was direct and very specific. During the conversation, I made it extremely clear to Mike that any movement by MPR toward establishing a work comp pool in Kansas would put an immediate end to the cordial and cooperative relationship with KMIT. And, that KMIT would see such a move as an intentional act which would affect the security of the KMIT pool, and that Mike would be immediately considered to be in a direct conflict-of-interest position (or words to that effect).

Mike made it clear that MPR considered itself free to pursue a work comp pool, and that that action was always a possibility, while also maintaining that no current such planning was going on. He also made a point of informing Randy and me that he fully understood the ethics of the situation, and was more than capable of coming to a conflict-of-interest conclusion when and if that was the case, which it was not at that time (or words to that effect).

That meeting was somewhat tense, but I thought we left as friends, and teammates, who continued to understand each other. Mike continued on as a KMIT Trustee, and no mention of the Lenexa meeting was made to the KMIT Board (and none has been made to this date...until just this past week, and then only to the KMIT Executive Committee--Randy Frazer, David Dillner, Kerry Rozman and Tim Hardy).



No further discussion among/between anybody with KMIT had taken place on this issue between November 2017 and the recent weekend of April 30/May 1.

Over that weekend several weeks ago, I received an email from an associate who noticed the work session notice (attached) on the MPR site, calling for, "WORK SESSION: A. Worker's Compensation - KID Approval". It is hard to read that and not conclude that MPR is talking seriously about work comp in Kansas. "KID Approval" is a very specific thing. That action, KID Approval, even just a discussion, would, in my view, reflect exactly what Mike told Randy and me six months ago that he understood would be a conflict-of-interest.

While Mike is the President of MPR-Kansas and also the President of the overall MPR board, he remains a KMIT Board Trustee. He attends every meeting of KMIT; he receives our detailed information packets and participates in the full range of subjects being discussed at KMIT Board meetings. He knows about the workings of KMIT as much as does any other board member. He has the trust of the Board, and me, to be totally loyal to KMIT. To have a person who is intimately involved with all the financials, marketing strategies, i.e., 'business plan', etc. of KMIT who is also the Chair of the Board of a similar organization which is, perhaps, planning to become a direct 'competitor' to KMIT just does not have a friendly, nor *tolerable*, feel to it.

After several discussions (email, phone and face-to-face) during that first week of May, KMIT President Frazer and I agreed that he (Randy) would email Mike (attached), seeking a *full, written, explanation* of what was seemingly a specific work comp effort by MPR-KS. Mike's written reply (attached) was mostly just to restate what he had already said to us back in November. He did not explain in any detail whatsoever exactly what WAS going on right now with MPR perhaps working to establish a work comp pool in Kansas. He reiterated [paraphrasing] in that response that it was his position that he was not being a part of anything that should be considered a conflict, and said he understood the ethics of the issue quite well.

President Frazer called a meeting of the Executive Committee, and the Committee agreed that this situation is somewhat alarming, and must be *immediately clarified and rectified*. And, that the Committee can only conclude that MPR is planning a work comp pool, given what we have seen and have been shown to date. That posture would not be acceptable to the Committee, and would almost surely result in some kind of definitive KMIT Board action absolutely as soon as possible.

To that end, the KMIT Executive Committee is meeting again, on **Thursday, June 14, in Hutchinson**. Both of you are invited to join us for a lunch meeting on that day. We are anxious to know exactly what is going on...in DETAIL.

We remain open to resolving this issue in a friendly way, if that is possible. But, we simply must require, at a minimum, a level of full specificity of activity by MPR-Kansas to even consider this issue to be explainable. And, any 'friendly' resolution *cannot* include MPR studying, planning, researching, 'considering', etc. anything toward the establishment of a work comp pool in Kansas while Mike is serving on the KMIT Board.

The meeting on the 14<sup>th</sup> will be at 12 noon, at the Hutchison Municipal Airport. My sincere hope and desire is that both of you come to Hutchinson and talk to us. We do want to hear what you have to say.



Don Osenbaugh  
KMIT Pool Administrator



## Don Osenbaugh

---

**From:** Randy Frazer [RFrazer@Moundridge.com]  
**Sent:** Monday, May 7, 2018 9:05 AM  
**To:** Michael Webb  
**Cc:** Don Osenbaugh  
**Subject:** KMIT  
**Attachments:** 04\_18\_2018 MPR KS Work Session Agenda 2018-04-29 22\_25\_19.pdf; 04\_18\_2018 MPRKS Board Agenda.pdf

Mike,

It was recently brought to my attention that MPR is apparently well into the process of becoming a work comp competitor to KMIT (see attached). At least it sure seems that way.

That would come as a surprise, and a bit of shock, to me, following the conversation that Don Osenbaugh (and I) had with you in Lenexa last November (during the KACM Fall Conference), during that conversation I thought it was made exceedingly clear that KMIT would see any specific movement by MPR toward the establishment of a Kansas MPR work comp pool as a direct and specific conflict of interest for you in your role as a Board member of KMIT, and as the current President of MPR-KS.

I think this issue requires, at a minimum, a thorough explanation from you.

Please send me your written response to this question absolutely as soon as possible.

I have called a meeting our KMIT Executive Committee, which will take place in the very near future, and I will be discussing this situation with the Committee.

I consider this issue to be of extreme importance and urgency to KMIT.



*Where community is a way of life, caring is commonplace, excellence is the standard, and healthy growth leads to prosperity.*

***Randy Frazer, CPM***

**City Administrator**

**City of Moundridge, Kansas**

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Midwest Public Risk  
19400 East Valley View Parkway  
Independence, MO 64055

MIDWEST PUBLIC RISK OF KANSAS, INC  
BOARD OF DIRECTORS  
19400 E. VALLEY VIEW PARKWAY  
INDEPENDENCE, MO 64081  
April 18, 2018  
8:30 A.M.

WORK SESSION

A. Workers' Compensation – KID Approval

## **Don Osenbaugh**

---

**From:** Michael Webb [mwebb@edwardsvilleks.org]  
**Sent:** Tuesday, May 8, 2018 4:32 PM  
**To:** Randy Frazer  
**Cc:** Don Osenbaugh  
**Subject:** RE: KMIT

Randy. Let me begin by stating as a professional city manager, I take my ethics very serious. When I was asked by Don to join the KMIT Board, I was very clear of my engagement with MPR. Further, I've been very clear that the MPR-KS Board, even prior to my service as the chairman, has directed its Executive Director to explore the issues of encompassing Workers Compensation into its service offerings in Kansas. This research has been ongoing for several years including conversations with both KMIT and KERIT.

To date, the Board of Directors of MPR and MPR-KS have not adopted a Kansas Workers Compensation program. However, it is possible for MPR-KS to add this line of service should it elect to do so. Obviously, this is a decision for the Boards on behalf of its members.

In closing, I fully agree that I could not actively serve on both boards should MPR and MPR-KS elect to offer Workers Compensation in Kansas and I've been very public about this with you, Don and other members of the Board. I've also been clear about this with the MPR-KS board. However, I do believe I've been a valuable member of the KMIT board and have not participated in any votes contrary to the best interest of KMIT. Finally, the City of Edwardsville continues to be an active member of KMIT and will continue to do so as long as it's a member.

I'm happy to discuss this with you, Don, the Executive Committee and/or the Board of Directors.

Michael

***Michael Webb***

City Manager

[mwebb@edwardsvilleks.org](mailto:mwebb@edwardsvilleks.org)

913-356-6000 (main)

913-356-6004 (direct)

**From:** Randy Frazer [mailto:RFrazer@Moundridge.com]  
**Sent:** Monday, May 07, 2018 9:05 AM  
**To:** Michael Webb <mwebb@edwardsvilleks.org>  
**Cc:** Don Osenbaugh <dosenbaugh@cox.net>  
**Subject:** KMIT

Mike,

It was recently brought to my attention that MPR is apparently well into the process of becoming a work comp competitor to KMIT (see attached). At least it sure seems that way.

That would come as a surprise, and a bit of shock, to me, following the conversation that Don Osenbaugh (and I) had with you in Lenexa last November (during the KACM Fall Conference), during that conversation I thought it was made exceedingly clear that KMIT would see any specific movement by MPR toward the establishment of a Kansas MPR work comp pool as a direct and specific conflict of interest for you in your role as a Board member of KMIT, and as the current President of MPR-KS.

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*Where community is a way of life, caring is commonplace, excellence is the standard, and healthy growth leads to prosperity.*

***Randy Frazer, CPM***

**City Administrator**

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