



Board of Trustees

Board Meeting

June 24, 2016

Tonganoxie, Kansas

Vintage Park
120 W. 8th St.
9:00 AM

BOARD OF TRUSTEES MEETING KANSAS MUNICIPAL INSURANCE TRUST

9:00 AM, Friday, June 24, 2016

Vintage Park @Tonganoxie*, Tonganoxie, KS

1. Welcome, Introductions and Call To Order (President Tim Hardy)
2. Trustee Absences from Meeting (Hardy)
3. Minutes, April 29, 2016—Clay Center (Hardy)
4. Financial Reports (Kifer, Osenbaugh)
 - a. April 30, 2016 Financials
 - b. May 31, 2016 Financials
 - c. Fourth Quarter 2015 KID Report, Amended
 - d. First Quarter 2016 KID Report
 - e. May 31, 2016 Cash/Investments Summary
5. 2016 Actuary Report (Cornejo)
6. 2014/2015 Financial Audit--Presentation (Skyler Fairchild--Summers, Spencer & Company)
7. Reserve Advisory & Settlement Authority (Miller)
8. Loss Control Activities (C. Retter)
9. Formal Appointment of 2016 Nominating Committee (Hardy)
10. The KMIT Brand (Osenbaugh)
11. KMIT/LKM Contract (Osenbaugh)
12. Other Business
13. Adjourn (approximately noon)

Lunch.

*120 W. 8th Street

KANSAS MUNICIPAL INSURANCE TRUST

Board of Trustees Minutes from April 29, 2016

Unapproved

Meeting Convened: Friday, April 29, 2016 at the CTI John Deere, Clay Center, KS. The meeting was called to order by KMIT President Tim Hardy at 9:00 AM (CDT). CTI owner/manager Harvey Adams was introduced, and Clay Center Mayor Jim Thatcher welcomed the group to his city.

Members Present: *Board Members Present:* President Hardy (Elkhart), Immediate Past President Keith Schlaegel (Stockton), David Dillner (Abilene), Kerry Rozman (Clay Center), Janie Cox (Haysville), Ty Lasher (Bel Aire), Carey Steirer (Pittsburg) and Michael Reagle (Garden City). *Staff:* Paul Davis (IMA), Jess Cornejo (IMA), Jaci Davis (IMA), Gene Miller (IMA), Deanna Furman (IMA), Barbie Kifer (IMA), Amanda Chamberland (IMA), Renee Rhodes (IMA) and Don Osenbaugh (KMIT Pool Administrator). *Guest:* Greg Nelson (Commerce Bank).

Members Absences From Meeting: Vice President Debbie Price (Marysville) and Treasurer Randy Frazer (Moundridge).

Minutes: March 3, 2016, Abilene: Motion to approve as written by Dillner; seconded by Rozman. Approved unanimously.

Financial Reports:

- a. February 28, 2016 Financials
- b. March 31, 2016 Financials
- c. March 31, 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 #2015071709 (Eudora). Settlement in the amount of \$12,224.23 previously approved by Pool Administrator.
2. Claim #2015070812 (Girard). Settlement in the amount of \$18,711 previously approved by Administrator.
3. Claim #2015070895 (Hays). Settlement in the amount of \$14,571.41 previously approved by Administrator.
4. Claim #2014069090 (Haysville). Settlement in the amount of \$12,034.20 previously approved by Administrator.
5. Claim #2016073203 (Hays). Reserve Increase Advisory only
6. Claim #2016073536 (Hoisington). Reserve Increase Advisory only

Miller also reviewed a recent incident involving a Cheney volunteer firefighter who suffered a probable stroke while manning a 'tender' truck during a rural fire. At this point in time, it does not appear that the firefighter sustained a work-related injury, though no final determine has yet been made.

Loss Control Report: Rhodes reported that this year's risk assessments are nearly complete, and reviewed the monthly reports in the packet. She also reported that her team is working with several cities while KDOL does its safety audits, and that a new program called 'I-Auditor' is being made available to KMIT cities.

Member-City Non Renewal: Osenbaugh reviewed the draft notification in the packet concerning the recommended non-renewal action as to the City of Waterville, and staff gave the Board an overview of the Waterville activities since joining KMIT two years ago. A motion was made by Dillner and seconded by Schlaegel to not offer renewal to Waterville for 2017, and to authorize the sending of the notice. Motion was unanimously approved.

Recognition of New Member Cities: St. John and Goessel were presented as new KMIT members, and Osenbaugh gave a brief report on each, as well as a recap of all this year's marketing efforts.

Annual Investment Report: Greg Nelson, Commerce Bank (KMIT's investment manager) gave the annual investment management report, which overviewed the investment market and trends, and which also specifically reviewed KMIT's current investment portfolio.

Staff Reports/Other: Osenbaugh briefly touched on the LKM contract, and he will send out copies of the existing contract well in advance of the next meeting, so that a full discussion could take place in June, in Tonganoxie), given that the current contract expires 12/31/17, and sufficient advance negotiation will need to occur between KMIT and the LKM well in advance of the summer of 2017.

Adjournment: Motion to adjourn by Dillner; second by McCommon. Unanimous. Adjourned at 11:35 AM.

KANSAS MUNICIPAL INSURANCE TRUST

Board of Trustees Minutes from March 3, 2016

APPROVED in Clay Center on April 29, 2016

Meeting Convened: Thursday, March 3, 2016 at the Abilene Civic Center, Abilene, KS. The meeting was called to order by KMIT President Tim Hardy at 9:15 AM (CST).

Members Present: *Board Members Present:* President Hardy (Elkhart), Vice President Debbie Price (Marysville), Treasurer Randy Frazer (Moundridge), Immediate Past President Keith Schlaegel (Stockton), David Dillner (Abilene), Kerry Rozman (Clay Center), Jay Byers (Pittsburg), and Janie Cox (Haysville). *Staff:* Jess Cornejo (IMA), Jaci Davis (IMA), Gene Miller (IMA), Deanna Furman (IMA), Barbie Kifer (IMA), Amanda Chamberland (IMA), Chris Retter (IMA), and Don Osenbaugh (KMIT Pool Administrator). *Guests:* Incoming Trustee Carey Steier (Pittsburg) and Dorothy Riviere (Bardavon).

Members Absences From Meeting: Ty Lasher (Bel Aire), Nathan McCommon (Tonganoxie), and Michael Reagle (Garden City).

Minutes: December 11, 2015, Bel Aire. Motion to approve as written, by Dillner; second by Schlaegel. Approved unanimously.

Financial Reports:

- a. December 31, 2015 KID Quarterly Report
- b. December 31, 2015 Financials
- c. January 31, 2016 Financials
- d. January 31, 2016 Cash and Investment Summary

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

Reserve Advisory and Settlement Authority:

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

1. Claim #2015071747 (Garden City).
2. Claim #2016072927 (Waterville). Osenbaugh interjected a discussion on this claim, due to the fact that Waterville came in two years ago with a specific history of EMS claims, and this is yet another, and large, EMS claim. Osenbaugh personally visited with the City Council in Waterville back in 2014, and stressed the importance of improving safety practices within the EMS Department. [Staff will look into this situation thoroughly and will bring a review back to the Board meeting in Clay Center.]
3. Claim #20150722603 (Andover).
4. Claim #2016072866 (Hillsboro).
5. Claim #2016072899 (LaCygne).

Miller also briefly reviewed an Appeals Court ruling from February 2016 which affirmed a KMIT denial of a claim in St. Francis. (Complete ruling located in packet.)

Risk Control Report: Retter presented the report. The assessments are about 20% complete and are expected to be about 50% done by the end of March, and fully completed by the end of May. Retter also reviewed the usual written updates, found in the packet.

Pool Performance History: Cornejo presented this annual review. He focused on the years 2011-2015, and showed the relationships between the several variables in the equation of determining performance, showing the slides found in the packets.

Annual Marketing Review: Presented by Osenbaugh, utilizing materials in the packet.

POET Program Update: Dorothy Riviere (Bardavon) presented an overview of the progress of the POET Program, including a statistical analysis.

Staff Reports/Other: Osenbaugh commented briefly on several documents found in the back of the packets.

Resignation of Jay Byers: Byers officially submitted his resignation from the Board.

Appointment of Carey Steier: Hardy appointed Carey Steier (Pittsburg) to the Board, to fill out Byers' unexpired term. Motion to approve by Rozman; second by Price. Unanimously approved.

Adjournment: Motion made by Rozman to adjourn; seconded by Frazer. Approved unanimously. The meeting was adjourned at 12:35 PM.

KMIT Balance Sheet

April 30, 2016

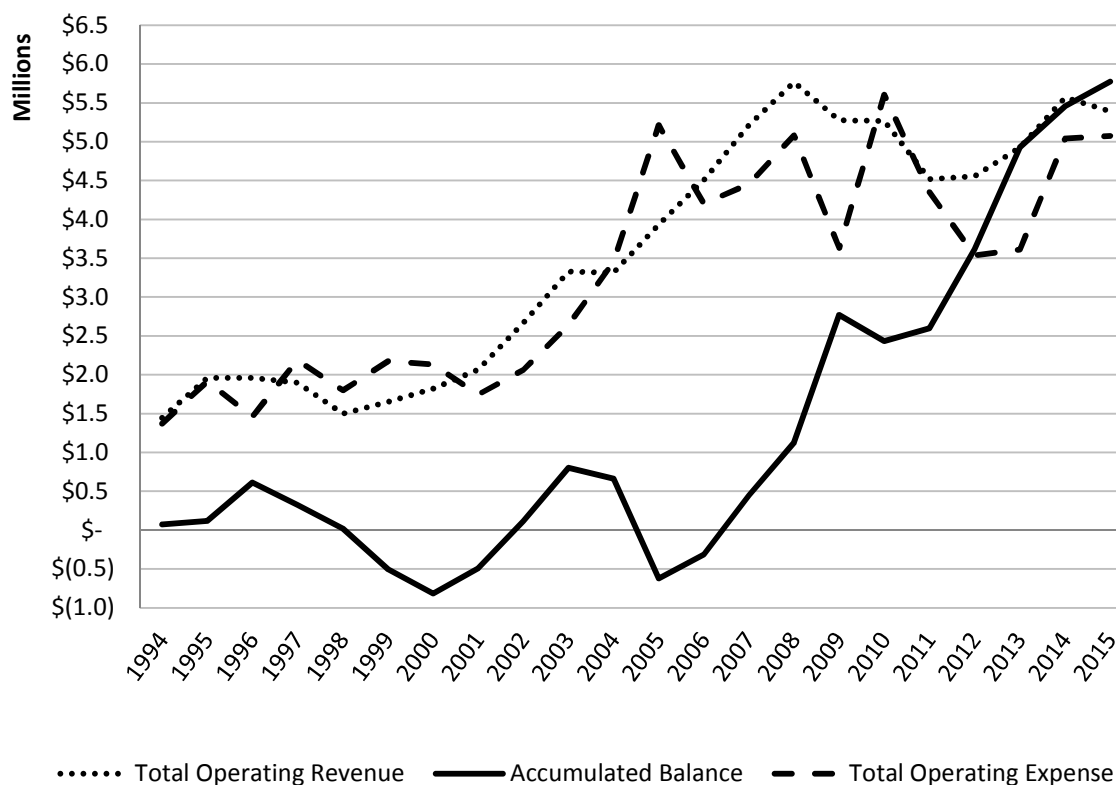
ASSETS

Checking Accounts	\$ 1,293,422
Investments	\$ 14,430,000
Accrued Interest	\$ 173,911
Accounts Receivable	\$ 109,875
Excess Premium Receivable	\$ 22,030
Specific Recoverable	\$ 384,203
Aggregate Recoverable	\$ 8,559
Prepaid Expenses	\$ 401,399
Total Assets	\$ 16,823,400

LIABILITIES & EQUITY

Accounts Payable	\$ 28,575
Excess Premium Payable	\$ -
Reserve for Losses	\$ 2,887,485
IBNR Reserve	\$ 4,385,732
Deposits on Premium	\$ 3,441,726
Accrued Taxes and Assessments	\$ 432,263
Total Liabilities	\$ 11,175,782
Total Equity	\$ 5,647,618
Total Liabilities and Equity	\$ 16,823,400

KMIT Financial Overview



KMIT Profit and Loss

April 30, 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	\$ 490,275	\$ 454,699	\$ 450,886	\$ 437,018	\$ 533,041	\$ 649,336	\$ 739,495	\$ 816,328	\$ 908,962	\$ 918,908
CLAIMS FUND EXPENSE														
Claims Paid Expense	\$ 716,700	\$ 1,049,152	\$ 790,125	\$ 2,073,604	\$ 1,948,448	\$ 1,689,135	\$ 1,441,954	\$ 1,097,087	\$ 1,211,714	\$ 1,874,209	\$ 2,268,891	\$ 3,820,710	\$ 2,582,587	\$ 2,715,455
Claims Paid Adjusting Expense	\$ 25,541	\$ 54,345	\$ 46,505	\$ 90,802	\$ 84,680	\$ 143,087	\$ 123,328	\$ 83,206	\$ 129,112	\$ 149,296	\$ 151,157	\$ 236,790	\$ 178,893	\$ 191,397
Claims Reserve Expense	\$ -	\$ -	\$ -	\$ -	\$ 118,106	\$ 42,918	\$ 15,140	\$ -	\$ -	\$ -	\$ 16,622	\$ 69,230	\$ 56,040	\$ 166,276
Claims Reserves Adjusting Expense	\$ -	\$ -	\$ -	\$ -	\$ 5,918	\$ 4,615	\$ 386	\$ -	\$ -	\$ -	\$ 1,867	\$ 8,039	\$ 11,516	\$ 12,123
IBNR Reserve Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,212	\$ -	\$ -	\$ -	\$ 57,481	\$ 78,257	\$ 76,136	\$ 30,925
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	\$ -	\$ -	\$ -	\$ -	\$ (222,635)	\$ 58,083	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Specific Recovery Expense	\$ -	\$ -	\$ -	\$ (268,748)	\$ (704,166)	\$ (178,038)	\$ -	\$ -	\$ (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	\$ 1,309,807	\$ 1,718,665	\$ 1,679,839	\$ 1,307,461	\$ 1,530,284	\$ 1,990,358	\$ 2,717,453	\$ 4,399,372	\$ 3,289,598	\$ 3,536,903
Total Operating Expense	\$ 1,370,771	\$ 1,915,183	\$ 1,462,676	\$ 2,187,817	\$ 1,800,082	\$ 2,173,364	\$ 2,130,725	\$ 1,744,478	\$ 2,063,325	\$ 2,639,694	\$ 3,456,947	\$ 5,215,700	\$ 4,198,560	\$ 4,455,811
BALANCES														
KMIT Statutory Fund Balance	\$ 74,486	\$ 43,543	\$ 495,283	\$ (290,597)	\$ (301,725)	\$ (524,297)	\$ (311,339)	\$ 322,872	\$ 606,319	\$ 687,287	\$ (141,231)	\$ (1,281,633)	\$ 308,566	\$ 759,789
Accumulated Balance	\$ 74,486	\$ 118,029	\$ 613,312	\$ 322,715	\$ 20,990	\$ (503,307)	\$ (814,646)	\$ (491,775)	\$ 114,544	\$ 801,831	\$ 660,600	\$ (621,033)	\$ (312,467)	\$ 447,322

KMIT Profit and Loss

April 30, 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	\$ 5,460,508	\$ 5,260,880	\$ 1,716,202	\$ 5,320,000	\$ 77,843,527
Interest Income	\$ 245,802	\$ 81,601	\$ 52,768	\$ 72,925	\$ 70,104	\$ 71,861	\$ 107,601	\$ 128,600	\$ 48,244	\$ 125,000	\$ 2,433,863
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	\$ 5,568,109	\$ 5,389,480	\$ 1,764,445	\$ 5,445,000	\$ 80,288,091
ADMINISTRATION FUND EXPENSE	\$ 956,193	\$ 956,364	\$ 1,033,872	\$ 969,992	\$ 935,450	\$ 1,007,263	\$ 1,077,646	\$ 1,073,031	\$ 451,259	\$ 1,210,000	\$ 16,959,032
CLAIMS FUND EXPENSE											
Claims Paid Expense	\$ 3,275,939	\$ 2,026,782	\$ 3,669,971	\$ 2,478,911	\$ 1,764,508	\$ 1,577,352	\$ 2,731,132	\$ 1,272,441	\$ 125,891	\$ -	\$ 44,202,698
Claims Paid Adjusting Expense	\$ 233,237	\$ 129,652	\$ 180,844	\$ 139,830	\$ 156,916	\$ 115,693	\$ 99,703	\$ 67,283	\$ 527	\$ -	\$ 2,811,822
Claims Reserve Expense	\$ 169,665	\$ 18,477	\$ 104,257	\$ 221,772	\$ 104,766	\$ 87,670	\$ 384,271	\$ 568,498	\$ 475,915	\$ -	\$ 2,619,624
Claims Reserves Adjusting Expense	\$ 8,616	\$ 2,700	\$ 11,763	\$ 8,896	\$ 23,047	\$ 11,839	\$ 50,613	\$ 76,045	\$ 29,879	\$ -	\$ 267,861
IBNR Reserve Expense	\$ 66,936	\$ 155,711	\$ 253,434	\$ 195,694	\$ 223,842	\$ 417,409	\$ 610,699	\$ 1,558,665	\$ 648,330	\$ -	\$ 4,385,732
Excess Work Comp Insurance	\$ 372,790	\$ 341,935	\$ 351,375	\$ 336,966	\$ 337,595	\$ 395,128	\$ 432,750	\$ 456,352	\$ 158,321	\$ 480,000	\$ 6,126,320
Specific Recoverable Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (219,651)	\$ -	\$ -	\$ -	\$ (384,203)
Specific Recovery Expense	\$ -	\$ -	\$ -	\$ -	\$ (9,965)	\$ -	\$ (125,349)	\$ -	\$ -	\$ -	\$ (1,874,529)
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	\$ 3,964,168	\$ 3,999,284	\$ 1,438,863	\$ 480,000	\$ 57,681,441
Total Operating Expense	\$ 5,083,376	\$ 3,631,621	\$ 5,605,516	\$ 4,352,060	\$ 3,536,160	\$ 3,612,355	\$ 5,041,815	\$ 5,072,315	\$ 1,890,122	\$ 1,690,000	\$ 74,640,473
BALANCES											
KMIT Statutory Fund Balance	\$ 681,595	\$ 1,643,407	\$ (338,938)	\$ 164,632	\$ 1,018,477	\$ 1,313,341	\$ 526,294	\$ 317,165	\$ (125,676)	\$ 3,755,000	\$ 5,647,618
Accumulated Balance	\$ 1,128,917	\$ 2,772,324	\$ 2,433,386	\$ 2,598,017	\$ 3,616,494	\$ 4,929,835	\$ 5,456,129	\$ 5,773,294	\$ 5,647,618		

KMIT Admin Expenses

April 30, 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	\$ 38,826	\$ 44,387	\$ 40,174	\$ 30,875	\$ 34,311	\$ 39,671	\$ 57,926	\$ 72,696	\$ 82,009	\$ 83,320
Sub Total	\$ 95,360	\$ 77,466	\$ 56,281	\$ 105,257	\$ 87,759	\$ 79,051	\$ 72,806	\$ 55,589	\$ 69,799	\$ 94,418	\$ 138,076	\$ 202,405	\$ 169,414	\$ 166,709
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	\$ 490,275	\$ 454,699	\$ 450,886	\$ 437,018	\$ 533,041	\$ 649,336	\$ 739,495	\$ 816,328	\$ 908,962	\$ 918,908

KMIT Admin Expenses

April 30, 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	\$ 18,528	\$ 100,000	\$ 1,131,569
Directors and Officers Insurance	\$ 18,542	\$ 15,857	\$ 15,942	\$ 16,038	\$ 16,488	\$ 17,224	\$ 15,956	\$ 15,667	\$ 5,323	\$ 18,000	\$ 157,893
Meetings/Travel	\$ -	\$ -	\$ -	\$ 829	\$ 4,881	\$ 19,334	\$ 29,749	\$ 19,897	\$ 2,390	\$ 20,000	\$ 91,700
Contingencies/Miscellaneous	\$ 26,155	\$ 34,318	\$ 2,657	\$ 1,708	\$ 3,175	\$ 3,623	\$ 4,385	\$ 3,884	\$ 1,501	\$ 6,000	\$ 358,316
Bank Fees	\$ 2,638	\$ 2,758	\$ 9,239	\$ 5,776	\$ 4,159	\$ 7,528	\$ 4,460	\$ 5,998	\$ 657	\$ 8,000	\$ 50,697
Write Off	\$ -	\$ -	\$ -	\$ (104)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (104)
LKM Clearing	\$ -	\$ -	\$ -	\$ 60	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60
Marketing	\$ -	\$ -	\$ -	\$ -	\$ 439	\$ 452	\$ 161	\$ 34	\$ 491	\$ 1,000	\$ 1,578
Office Supplies	\$ -	\$ -	\$ -	\$ -	\$ 1,112	\$ 1,830	\$ 3,732	\$ 4,485	\$ 1,316	\$ 5,000	\$ 12,474
Sub Total	\$ 135,867	\$ 147,147	\$ 121,475	\$ 107,167	\$ 126,735	\$ 152,627	\$ 155,632	\$ 147,469	\$ 30,207	\$ 158,000	\$ 1,804,184
REGULATORY											
Kansas Insurance Dept (KID) Premium Tax	\$ 54,139	\$ 48,525	\$ 49,030	\$ 40,919	\$ 43,445	\$ 44,349	\$ 51,057	\$ 47,827	\$ 11,672	\$ 50,000	\$ 720,424
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	\$ 90,512	\$ 63,877	\$ 102,426	\$ 41,464	\$ 85,138	\$ 96,168	\$ 139,116	\$ 105,273	\$ 45,881	\$ 200,000	\$ 1,373,205
Sub Total	\$ 180,830	\$ 144,241	\$ 212,660	\$ 163,997	\$ 128,583	\$ 140,517	\$ 190,173	\$ 153,100	\$ 57,553	\$ 250,000	\$ 2,842,044
CONTRACTURAL											
Financial Audit	\$ 13,127	\$ 18,608	\$ 31,565	\$ 12,023	\$ 11,738	\$ 11,904	\$ 15,803	\$ 13,803	\$ -	\$ 21,000	\$ 292,075
Actuarial	\$ 13,000	\$ 13,750	\$ 14,000	\$ 14,000	\$ 14,250	\$ 14,250	\$ 15,000	\$ 14,500	\$ -	\$ 15,000	\$ 216,395
Risk Management	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 170,000	\$ 170,000	\$ 170,000	\$ 95,000	\$ 170,000	\$ 1,195,000
Risk Control	\$ 140,000	\$ 145,000	\$ 145,000	\$ 145,000	\$ 145,000	\$ 150,000	\$ 150,000	\$ 155,000	\$ 77,500	\$ 155,000	\$ 2,466,573
Claims Adjusting	\$ 165,000	\$ 175,000	\$ 195,000	\$ 185,000	\$ 185,000	\$ 185,000	\$ 185,000	\$ 205,000	\$ 102,500	\$ 205,000	\$ 3,773,759
Risk Analysis	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,671	\$ 14,651	\$ 4,050	\$ 25,000	\$ 28,372
POET	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,425	\$ 225	\$ 19,000	\$ 7,650
Pool Admin Services	\$ 220,000	\$ 225,000	\$ 225,000	\$ 230,000	\$ 230,004	\$ 75,600	\$ 81,900	\$ 98,560	\$ 50,620	\$ 100,000	\$ 3,809,700
Payroll Audits	\$ 18,370	\$ 17,617	\$ 19,173	\$ 19,000	\$ 16,318	\$ 16,000	\$ 20,143	\$ 19,923	\$ -	\$ 22,000	\$ 208,759
Rating Services	\$ -	\$ -	\$ -	\$ 22,650	\$ 6,636	\$ 18,702	\$ 10,887	\$ 754	\$ 15,387	\$ -	\$ 75,016
Web Hosting	\$ -	\$ -	\$ -	\$ 1,155	\$ 1,187	\$ 2,663	\$ 3,439	\$ 2,846	\$ 717	\$ -	\$ 12,006
Endorsement Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,000	\$ 70,000	\$ 70,000	\$ 17,500	\$ 70,000	\$ 227,500
Sub Total	\$ 639,497	\$ 664,975	\$ 699,738	\$ 698,827	\$ 680,133	\$ 714,119	\$ 731,842	\$ 772,461	\$ 363,499	\$ 802,000	\$ 12,312,804
Administration Fund Expense	\$ 956,193	\$ 956,364	\$ 1,033,872	\$ 969,992	\$ 935,450	\$ 1,007,263	\$ 1,077,646	\$ 1,073,031	\$ 451,259	\$ 1,210,000	\$ 16,959,032

KMIT Balance Sheet

May 31, 2016

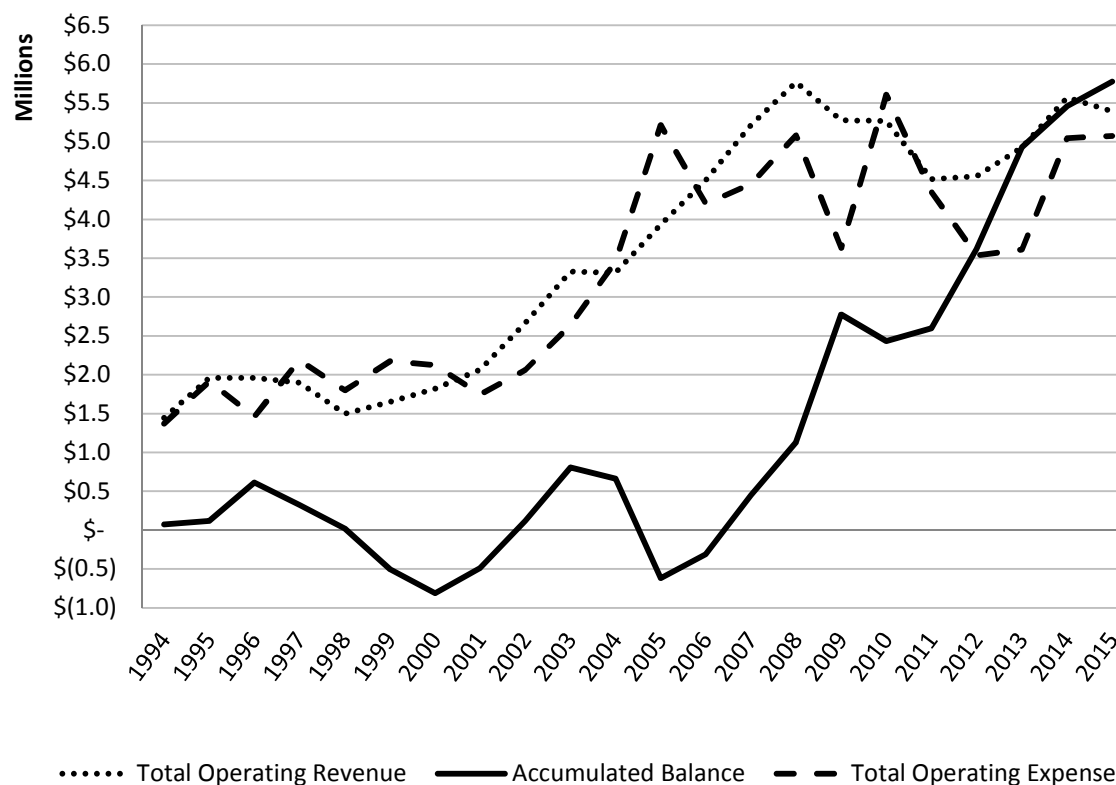
ASSETS

Checking Accounts	\$ 1,640,105
Investments	\$ 13,684,000
Accrued Interest	\$ 168,466
Accounts Receivable	\$ 25,865
Excess Premium Receivable	\$ 22,030
Specific Recoverable	\$ 533,005
Aggregate Recoverable	\$ 8,559
Prepaid Expenses	\$ 352,371
Total Assets	\$ 16,434,401

LIABILITIES & EQUITY

Accounts Payable	\$ 13,575
Excess Premium Payable	\$ -
Reserve for Losses	\$ 2,968,632
IBNR Reserve	\$ 4,444,858
Deposits on Premium	\$ 3,011,510
Accrued Taxes and Assessments	\$ 341,739
Total Liabilities	\$ 10,780,315
Total Equity	\$ 5,654,087
Total Liabilities and Equity	\$ 16,434,401

KMIT Financial Overview



KMIT Profit and Loss

May 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	\$ 490,275	\$ 454,699	\$ 450,886	\$ 437,018	\$ 533,041	\$ 649,336	\$ 739,495	\$ 816,328	\$ 908,962	\$ 918,908
CLAIMS FUND EXPENSE														
Claims Paid Expense	\$ 716,700	\$ 1,049,152	\$ 790,125	\$ 2,073,604	\$ 1,950,352	\$ 1,688,030	\$ 1,441,954	\$ 1,097,087	\$ 1,211,714	\$ 1,874,209	\$ 2,270,770	\$ 3,821,362	\$ 2,583,167	\$ 2,718,092
Claims Paid Adjusting Expense	\$ 25,541	\$ 54,345	\$ 46,505	\$ 90,802	\$ 84,717	\$ 143,366	\$ 123,332	\$ 83,206	\$ 129,112	\$ 149,296	\$ 149,834	\$ 236,830	\$ 178,912	\$ 191,560
Claims Reserve Expense	\$ -	\$ -	\$ -	\$ -	\$ 116,202	\$ 42,826	\$ 15,140	\$ -	\$ -	\$ -	\$ 14,743	\$ 68,578	\$ 55,460	\$ 163,639
Claims Reserves Adjusting Expense	\$ -	\$ -	\$ -	\$ -	\$ 5,881	\$ 4,335	\$ 382	\$ -	\$ -	\$ -	\$ 1,845	\$ 7,998	\$ 11,498	\$ 11,983
IBNR Reserve Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,915	\$ -	\$ -	\$ -	\$ 61,778	\$ 78,257	\$ 76,136	\$ 30,902
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	\$ -	\$ -	\$ -	\$ -	\$ (222,635)	\$ 59,280	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Specific Recovery Expense	\$ -	\$ -	\$ -	\$ (268,748)	\$ (704,166)	\$ (178,038)	\$ -	\$ -	\$ -	\$ (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	\$ 1,309,807	\$ 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	\$ 1,800,082	\$ 2,173,363	\$ 2,126,428	\$ 1,744,478	\$ 2,063,325	\$ 2,639,694	\$ 3,459,899	\$ 5,215,700	\$ 4,198,560	\$ 4,455,811
BALANCES														
KMIT Statutory Fund Balance	\$ 74,486	\$ 43,543	\$ 495,283	\$ (290,597)	\$ (301,725)	\$ (524,296)	\$ (307,042)	\$ 322,872	\$ 606,319	\$ 687,287	\$ (144,183)	\$ (1,281,633)	\$ 308,566	\$ 759,789
Accumulated Balance	\$ 74,486	\$ 118,029	\$ 613,312	\$ 322,715	\$ 20,990	\$ (503,306)	\$ (810,348)	\$ (487,477)	\$ 118,842	\$ 806,129	\$ 661,946	\$ (619,687)	\$ (311,121)	\$ 448,668

KMIT Profit and Loss

May 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	\$ 5,460,508	\$ 5,260,880	\$ 2,146,418	\$ 5,320,000	\$ 78,273,742
Interest Income	\$ 245,802	\$ 81,601	\$ 52,768	\$ 72,925	\$ 70,104	\$ 71,861	\$ 107,601	\$ 128,600	\$ 62,747	\$ 125,000	\$ 2,448,367
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	\$ 5,568,109	\$ 5,389,480	\$ 2,209,165	\$ 5,445,000	\$ 80,732,811
ADMINISTRATION FUND EXPENSE	\$ 956,193	\$ 956,364	\$ 1,033,872	\$ 969,992	\$ 935,450	\$ 1,007,263	\$ 1,077,646	\$ 1,073,167	\$ 529,659	\$ 1,210,000	\$ 17,037,568
CLAIMS FUND EXPENSE											
Claims Paid Expense	\$ 3,277,340	\$ 2,026,782	\$ 3,678,197	\$ 2,484,191	\$ 1,764,508	\$ 1,577,480	\$ 2,833,919	\$ 1,365,103	\$ 215,265	\$ -	\$ 44,509,102
Claims Paid Adjusting Expense	\$ 233,474	\$ 129,658	\$ 181,446	\$ 140,239	\$ 157,271	\$ 116,089	\$ 106,668	\$ 79,857	\$ 2,022	\$ -	\$ 2,834,082
Claims Reserve Expense	\$ 171,264	\$ 18,477	\$ 209,432	\$ 229,187	\$ 130,912	\$ 85,053	\$ 427,085	\$ 468,973	\$ 493,799	\$ -	\$ 2,710,768
Claims Reserves Adjusting Expense	\$ 9,379	\$ 2,700	\$ 12,404	\$ 9,397	\$ 23,546	\$ 12,178	\$ 45,047	\$ 67,815	\$ 31,478	\$ -	\$ 257,864
IBNR Reserve Expense	\$ 62,936	\$ 155,705	\$ 138,790	\$ 182,090	\$ 196,843	\$ 419,164	\$ 615,045	\$ 1,561,185	\$ 858,113	\$ -	\$ 4,444,858
Excess Work Comp Insurance	\$ 372,790	\$ 341,935	\$ 351,375	\$ 336,966	\$ 337,595	\$ 395,128	\$ 432,750	\$ 456,352	\$ 197,901	\$ 480,000	\$ 6,165,900
Specific Recoverable Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (369,651)	\$ -	\$ -	\$ -	\$ (533,005)
Specific Recovery Expense	\$ -	\$ -	\$ -	\$ -	\$ (9,965)	\$ -	\$ (125,349)	\$ -	\$ -	\$ -	\$ (1,874,529)
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	\$ 1,798,578	\$ 480,000	\$ 58,041,156
Total Operating Expense	\$ 5,083,376	\$ 3,631,621	\$ 5,605,516	\$ 4,352,060	\$ 3,536,160	\$ 3,612,355	\$ 5,043,160	\$ 5,072,451	\$ 2,328,237	\$ 1,690,000	\$ 75,078,724
BALANCES											
KMIT Statutory Fund Balance	\$ 681,595	\$ 1,643,407	\$ (338,938)	\$ 164,632	\$ 1,018,477	\$ 1,313,341	\$ 524,949	\$ 317,029	\$ (119,072)	\$ 3,755,000	\$ 5,654,087
Accumulated Balance	\$ 1,130,263	\$ 2,773,670	\$ 2,434,732	\$ 2,599,364	\$ 3,617,841	\$ 4,931,181	\$ 5,456,130	\$ 5,773,159	\$ 5,654,087		

KMIT Admin Expenses

May 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	\$ 38,826	\$ 44,387	\$ 40,174	\$ 30,875	\$ 34,311	\$ 39,671	\$ 57,926	\$ 72,696	\$ 82,009	\$ 83,320
Sub Total	\$ 95,360	\$ 77,466	\$ 56,281	\$ 105,257	\$ 87,759	\$ 79,051	\$ 72,806	\$ 55,589	\$ 69,799	\$ 94,418	\$ 138,076	\$ 202,405	\$ 169,414	\$ 166,709
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	\$ 490,275	\$ 454,699	\$ 450,886	\$ 437,018	\$ 533,041	\$ 649,336	\$ 739,495	\$ 816,328	\$ 908,962	\$ 918,908

KMIT Admin Expenses

May 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	\$ 97,641	\$ 27,955	\$ 100,000	\$ 1,141,133
Directors and Officers Insurance	\$ 18,542	\$ 15,857	\$ 15,942	\$ 16,038	\$ 16,488	\$ 17,224	\$ 15,956	\$ 15,667	\$ 6,654	\$ 18,000	\$ 159,224
Meetings/Travel	\$ -	\$ -	\$ -	\$ 829	\$ 4,881	\$ 19,334	\$ 29,749	\$ 19,897	\$ 3,737	\$ 20,000	\$ 93,047
Contingencies/Miscellaneous	\$ 26,155	\$ 34,318	\$ 2,657	\$ 1,708	\$ 3,175	\$ 3,623	\$ 4,385	\$ 3,884	\$ 1,751	\$ 6,000	\$ 358,566
Bank Fees	\$ 2,638	\$ 2,758	\$ 9,239	\$ 5,776	\$ 4,159	\$ 7,528	\$ 4,460	\$ 5,998	\$ 1,684	\$ 8,000	\$ 51,724
Write Off	\$ -	\$ -	\$ -	\$ (104)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (104)
LKM Clearing	\$ -	\$ -	\$ -	\$ 60	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60
Marketing	\$ -	\$ -	\$ -	\$ -	\$ 439	\$ 452	\$ 161	\$ 34	\$ 502	\$ 1,000	\$ 1,588
Office Supplies	\$ -	\$ -	\$ -	\$ -	\$ 1,112	\$ 1,830	\$ 3,732	\$ 4,485	\$ 1,543	\$ 5,000	\$ 12,701
Sub Total	\$ 135,867	\$ 147,147	\$ 121,475	\$ 107,167	\$ 126,735	\$ 152,627	\$ 155,632	\$ 147,605	\$ 43,827	\$ 158,000	\$ 1,817,940
REGULATORY											
Kansas Insurance Dept (KID) Premium Tax	\$ 54,139	\$ 48,525	\$ 49,030	\$ 40,919	\$ 43,445	\$ 44,349	\$ 51,057	\$ 47,827	\$ 11,672	\$ 50,000	\$ 720,424
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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	\$ 90,512	\$ 63,877	\$ 102,426	\$ 41,464	\$ 85,138	\$ 96,168	\$ 139,116	\$ 105,273	\$ 45,881	\$ 200,000	\$ 1,373,205
Sub Total	\$ 180,830	\$ 144,241	\$ 212,660	\$ 163,997	\$ 128,583	\$ 140,517	\$ 190,173	\$ 153,100	\$ 57,553	\$ 250,000	\$ 2,842,044
CONTRACTURAL											
Financial Audit	\$ 13,127	\$ 18,608	\$ 31,565	\$ 12,023	\$ 11,738	\$ 11,904	\$ 15,803	\$ 13,803	\$ -	\$ 21,000	\$ 292,075
Actuarial	\$ 13,000	\$ 13,750	\$ 14,000	\$ 14,000	\$ 14,250	\$ 14,250	\$ 15,000	\$ 14,500	\$ -	\$ 15,000	\$ 216,395
Risk Management	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 170,000	\$ 170,000	\$ 170,000	\$ 114,000	\$ 170,000	\$ 1,214,000
Risk Control	\$ 140,000	\$ 145,000	\$ 145,000	\$ 145,000	\$ 145,000	\$ 150,000	\$ 150,000	\$ 155,000	\$ 93,000	\$ 155,000	\$ 2,482,073
Claims Adjusting	\$ 165,000	\$ 175,000	\$ 195,000	\$ 185,000	\$ 185,000	\$ 185,000	\$ 185,000	\$ 205,000	\$ 123,000	\$ 205,000	\$ 3,794,259
Risk Analysis	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,671	\$ 14,651	\$ 4,650	\$ 25,000	\$ 28,972
POET	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,425	\$ 1,125	\$ 19,000	\$ 8,550
Pool Admin Services	\$ 220,000	\$ 225,000	\$ 225,000	\$ 230,000	\$ 230,004	\$ 75,600	\$ 81,900	\$ 98,560	\$ 58,900	\$ 100,000	\$ 3,817,980
Payroll Audits	\$ 18,370	\$ 17,617	\$ 19,173	\$ 19,000	\$ 16,318	\$ 16,000	\$ 20,143	\$ 19,923	\$ -	\$ 22,000	\$ 208,759
Rating Services	\$ -	\$ -	\$ -	\$ 22,650	\$ 6,636	\$ 18,702	\$ 10,887	\$ 754	\$ 15,387	\$ -	\$ 75,016
Web Hosting	\$ -	\$ -	\$ -	\$ 1,155	\$ 1,187	\$ 2,663	\$ 3,439	\$ 2,846	\$ 717	\$ -	\$ 12,006
Endorsement Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,000	\$ 70,000	\$ 70,000	\$ 17,500	\$ 70,000	\$ 227,500
Sub Total	\$ 639,497	\$ 664,975	\$ 699,738	\$ 698,827	\$ 680,133	\$ 714,119	\$ 731,842	\$ 772,461	\$ 428,279	\$ 802,000	\$ 12,377,584
Administration Fund Expense	\$ 956,193	\$ 956,364	\$ 1,033,872	\$ 969,992	\$ 935,450	\$ 1,007,263	\$ 1,077,646	\$ 1,073,167	\$ 529,659	\$ 1,210,000	\$ 17,037,568

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

Kansas Municipal Insurance Trust
 (Name of Company)

As of 12/31/2015 - Audited
 1st 2nd 3rd 4th Quarter (CIRCLE ONE)

	CURRENT FISCAL YEAR TO DATE	PREVIOUS FISCAL YEAR END
	12/31/2015 - Audited	12/31/2014 - Audited Amended
ASSETS		
Administrative fund:		
Cash	\$ 756,379	\$ 183,238
Claims fund:		
Cash	1,158,233	1,311,575
Investments	11,767,000	11,800,000
Premium contributions receivable	109,926	100,635
Excess insurance recoverable on claims payments	34,311	15,994
Interest income due and accrued	110,379	152,958
Receivable from affiliates		
Other assets:		
Agent Commissions Receivable	4,123	1,960
Prepaid Excess Insurance		
Prepaid Expenses		
Excess Insurance Premium Receivable	22,030	25,550
Less: Non Admitted Assets	0	0
Total Assets	\$ 13,962,381	\$ 13,591,910

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

Kansas Municipal Insurance Trust
 (Name of Pool)

By: Don C. Senbaugh Chair of Trustees
Don C. Senbaugh 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>	<u>PREVIOUS FISCAL YEAR END</u>
	12/31/2015 - Audited	12/31/2014 - Audited
		Amended
Reserve for unpaid workers' compensation claims	\$ 2,192,769 \$	2,546,138
Reserve for unpaid claim adjustment expenses	222,647	249,725
Reserve for claims incurred but not reported	4,163,737	3,404,258
Unearned premium contribution		
Other expenses due or accrued		
Taxes, licenses and fees due or accrued	519,500	499,248
Borrowed money \$_____ and interest thereon \$_____		
Dividends payable to members		
Deposits on premium contributions	775,849	1,014,404
Excess insurance premium payable		
Payable to affiliates		
Accounts payable	46,000	45,000
Miscellaneous liabilities:		
Return Premium Payable	365,547	400,965
Total Liabilities:	\$ 8,286,049 \$	8,159,739
Special reserve funds:		
Total Special Reserve Funds		
<u>FUND BALANCE</u>		
Total Reserves and Fund Balance (Assets-Liabilities)	5,676,332 \$	5,432,171
Total Liabilities, Reserves and Fund Balance	\$ 13,962,381 \$	13,591,910

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

<u>SUMMARY OF OPERATIONS</u>	<u>CURRENT FISCAL YEAR TO DATE</u>	<u>PREVIOUS FISCAL YEAR END</u>
	12/31/2015 - Audited	12/31/2014 - Audited Amended
Underwriting Income		
Direct Premium Contributions Earned	\$ <u>5,260,880</u> \$	<u>5,460,508</u>
Deductions:		
Excess insurance premium incurred	<u>459,126</u>	<u>429,976</u>
Workers' compensation claims incurred	<u>3,419,718</u>	<u>3,194,693</u>
Claims adjustment expenses incurred	<u>156,405</u>	<u>190,071</u>
Other administrative expenses incurred	<u>1,110,070</u>	<u>1,271,537</u>
Total underwriting deductions	<u>5,145,319</u>	<u>5,086,277</u>
Net underwriting Gain or (Loss)	\$ <u>115,561</u> \$	<u>374,231</u>
Investment income		
Interest income earned (Net of investment expenses)	<u>128,600</u>	<u>107,601</u>
Other income		
Other income	<u></u>	<u></u>
Net income before dividends to members	<u>244,161</u>	<u>481,831</u>
Dividends to members	<u></u>	<u></u>
Net income after dividends to members	<u>244,161</u>	<u>481,831</u>
Net Income(Loss)	\$ <u>244,161</u> \$	<u>481,831</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>	
	12/31/2015 - Audited		12/31/2014 - Audited	
			Amended	
Fund balance, previous period	\$	<u>5,432,171</u>	\$	<u>4,950,340</u>
Net income (Loss)		<u>244,161</u>		<u>481,831</u>
Change in non-admitted assets		<u>0</u>		<u>0</u>
<u>Rounding</u>				
<u>Change in Non Admitted Assets</u>				
Change in fund balance for the period		<u>244,161</u>		<u>481,831</u>
Fund balance, current period	\$	<u>5,676,332</u>	\$	<u>5,432,171</u>

Contract Year January 1, 2015 to December 31, 2015
KANSAS PREMIUM AND LOSS EXPERIENCE EXHIBIT
 1st 2nd 3rd 4th Quarter (circle one)

NAME OF KANSAS GROUP-FUNDED POOL Kansas Municipal Insurance Trust

LINE OF BUSINESS: Workers Compensation EXPERIENCE CURRENT AS OF 12/31/2015 - Audited

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Current Injuries	Total Injuries	Contract Period	Direct Premium Earned	Excess Insurance Premium Incurred	Net Premiums Earned	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 21	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 20	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 19	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 18	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 17	1,377,722	79,456	1,298,266	1,382,589	90,598	1,473,186	187,000	211,071	82,901	480,972	113.5%	37.0%	116,190
4	551	PCY 16	1,552,110	80,124	1,471,986	1,556,981	147,702	1,704,683	185,000	190,573	77,653	453,226	115.8%	30.8%	96,882
2	552	PCY 15	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 14	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 13	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 12	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
4	645	PCY 11	3,256,648	221,435	3,035,213	2,285,513	151,678	2,437,191	293,000	308,419	134,300	735,719	80.3%	24.2%	59,068
13	770	PCY 10	3,837,793	374,472	3,463,321	3,701,814	244,828	3,946,643	310,000	303,923	195,148	809,071	114.0%	23.4%	96,274
18	765	PCY 9	4,272,140	384,425	3,887,715	2,638,627	190,410	2,829,037	330,000	409,548	164,537	904,085	72.8%	23.3%	234,986
7	906	PCY 8	4,950,171	420,728	4,529,443	2,826,432	202,527	3,028,959	365,000	384,794	157,905	907,699	66.9%	20.0%	263,024
14	768	PCY 7	5,519,169	372,790	5,146,379	3,372,139	240,853	3,612,992	375,000	400,364	180,033	955,397	70.2%	18.6%	245,802
11	654	PCY 6	5,193,427	341,935	4,851,492	2,043,726	131,726	2,175,452	390,000	422,122	158,861	970,983	44.8%	20.0%	81,601
17	666	PCY 5	5,213,859	351,375	4,862,484	3,767,628	192,677	3,960,305	410,000	411,213	218,444	1,039,657	81.4%	21.4%	52,768
10	635	PCY 4	4,442,326	336,966	4,105,361	2,705,222	148,427	2,853,648	400,000	374,349	211,548	985,897	69.5%	24.0%	72,925
9	598	PCY 3	4,484,533	337,595	4,146,938	1,880,419	165,460	2,045,879	400,000	407,086	174,669	981,755	49.3%	23.7%	70,104
11	696	PCY 2	4,853,835	395,128	4,458,707	1,697,734	129,162	1,826,896	580,600	286,205	112,977	979,782	41.0%	22.0%	71,861
21	742	PCY 1	5,460,344	432,750	5,027,594	2,972,669	117,428	3,090,097	596,571	291,845	383,143	1,271,559	61.5%	25.3%	107,601
132	708	CCY	5,260,880	459,126	4,801,754	1,642,163	87,814	1,729,978	628,560	291,393	190,117	1,110,070	36.0%	23.1%	128,600

PFY = Prior fiscal Year

CFY = Current Fiscal Year

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

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

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

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

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

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

Kansas Municipal Insurance Trust
(Name of Company)

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

ASSETS	CURRENT FISCAL YEAR TO DATE 3/31/2016	PREVIOUS FISCAL YEAR END 12/31/2015 - Audited
Administrative fund:		
Cash	\$ 836,807	\$ 756,379
Claims fund:		
Cash	1,892,094	1,158,233
Investments	13,320,000	11,767,000
Premium contributions receivable	116,049	109,926
Excess insurance recoverable on claims payments	37,243	34,311
Interest income due and accrued	95,288	110,379
Receivable from affiliates		
Other assets:		
Agent Commissions Receivable	432	4,123
Prepaid Excess Insurance	356,221	
Prepaid Expenses	95,353	
Excess Insurance Premium Receivable	22,030	22,030
Less: Non Admitted Assets	(451,574)	0
Total Assets	\$ 16,319,944	\$ 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:


Don Osinbaugh

Chair of Trustees

Administrator

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>CURRENT FISCAL YEAR TO DATE</u> 3/31/2016	<u>PREVIOUS FISCAL YEAR END</u> 12/31/2015 - Audited
Reserve for unpaid workers' compensation claims	\$ 2,132,110 \$	2,192,769
Reserve for unpaid claim adjustment expenses	248,804	222,647
Reserve for claims incurred but not reported	4,412,548	4,163,737
Unearned premium contribution		
Other expenses due or accrued		
Taxes, licenses and fees due or accrued	432,263	519,500
Borrowed money \$_____ and interest thereon \$_____		
Dividends payable to members		
Deposits on premium contributions	3,857,959	775,849
Excess insurance premium payable		
Payable to affiliates		
Accounts payable	28,575	46,000
Miscellaneous liabilities: Return Premium Payable		365,547
Total Liabilities:	\$ 11,112,260 \$	8,286,049
Special reserve funds:		
Total Special Reserve Funds		
<u>FUND BALANCE</u>		
Total Reserves and Fund Balance (Assets-Liabilities)	5,207,684 \$	5,676,332
Total Liabilities, Reserves and Fund Balance	\$ 16,319,944 \$	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> 3/31/2016	<u>PREVIOUS FISCAL YEAR END</u> 12/31/2015 - Audited
Underwriting Income		
Direct Premium Contributions Earned	\$ <u>1,285,986</u>	\$ <u>5,260,880</u>
Deductions:		
Excess insurance premium incurred	<u>118,741</u>	<u>459,126</u>
Workers' compensation claims incurred	<u>849,022</u>	<u>3,419,718</u>
Claims adjustment expenses incurred	<u>108,198</u>	<u>156,405</u>
Other administrative expenses incurred	<u>261,642</u>	<u>1,110,070</u>
Total underwriting deductions	<u>1,337,603</u>	<u>5,145,319</u>
Net underwriting Gain or (Loss)	\$ <u>(51,617)</u>	\$ <u>115,561</u>
Investment income		
Interest income earned (Net of investment expenses)	<u>34,543</u>	<u>128,600</u>
Other income		
Other income	<u></u>	<u></u>
Net income before dividends to members	<u>(17,074)</u>	<u>244,161</u>
Dividends to members	<u></u>	<u></u>
Net income after dividends to members	<u>(17,074)</u>	<u>244,161</u>
Net Income(Loss)	\$ <u>(17,074)</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>
	3/31/2016	12/31/2015 - Audited
Fund balance, previous period	\$ <u>5,676,332</u> \$	<u>5,432,171</u>
Net income (Loss)	<u>(17,074)</u>	<u>244,161</u>
Change in non-admitted assets	<u>(451,574)</u>	<u>0</u>
<u>Rounding</u>		
<u>Change in Non Admitted Assets</u>		
Change in fund balance for the period	<u>(468,648)</u>	<u>244,161</u>
Fund balance, current period	\$ <u>5,207,684</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 March 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 Col 4-5	Direct Losses Incurred	Loss Adj. Exp. Incurred	Loss & Loss Exp Incurred Col 6+7	Service Agent Fees Incurred	General Expenses Incurred	Taxes, Licenses & Fees Incurred	Total Expenses Incurred Col 10 + 11 + 12	Claims Ratios as a % Col 9 / Col 6	Admin. Ratios as a % Col 13 / Col 6	Investment Income Earned
0	310	PCY 22	1,422,582	151,393	1,271,189	716,700	25,541	742,241	298,447	83,330	95,360	477,137	58.4%	37.5%	22,675
0	243	PCY 21	1,885,501	210,142	1,675,359	1,049,152	54,345	1,103,496	312,500	211,579	77,466	601,545	65.9%	35.9%	73,225
0	424	PCY 20	1,843,047	133,376	1,709,671	790,125	46,505	836,631	277,342	159,046	56,281	492,669	48.9%	28.8%	114,912
1	524	PCY 19	1,754,515	117,122	1,637,393	1,804,856	90,802	1,895,658	204,543	217,864	102,541	524,948	115.8%	32.1%	142,705
2	572	PCY 18	1,377,722	79,456	1,298,266	1,369,186	90,598	1,459,783	187,000	211,071	82,901	480,972	112.4%	37.0%	116,190
4	551	PCY 17	1,552,110	80,124	1,471,986	1,554,015	147,702	1,701,717	185,000	190,573	77,653	453,226	115.6%	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
4	645	PCY 12	3,256,648	221,435	3,035,213	2,285,513	151,678	2,437,191	293,000	308,419	134,300	735,719	80.3%	24.2%	59,068
13	770	PCY 11	3,837,793	374,472	3,463,321	3,701,814	244,828	3,946,643	310,000	303,923	195,148	809,071	114.0%	23.4%	96,274
18	765	PCY 10	4,272,140	384,425	3,887,715	2,638,627	190,410	2,829,037	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	2,881,731	203,520	3,085,250	365,000	384,794	157,905	907,699	68.1%	20.0%	263,024
14	768	PCY 8	5,519,169	372,790	5,146,379	3,445,578	241,853	3,687,431	375,000	400,364	180,033	955,397	71.7%	18.6%	245,802
11	654	PCY 7	5,193,427	341,935	4,851,492	2,045,259	132,350	2,177,609	390,000	422,122	158,861	970,983	44.9%	20.0%	81,601
17	666	PCY 6	5,213,859	351,375	4,862,484	3,771,655	192,606	3,964,261	410,000	411,213	218,444	1,039,657	81.5%	21.4%	52,768
7	635	PCY 5	4,442,326	336,966	4,105,361	2,700,683	148,724	2,849,407	400,000	374,349	211,548	985,897	69.4%	24.0%	72,925
8	598	PCY 4	4,484,533	337,595	4,146,938	1,884,310	180,439	2,064,748	400,000	407,086	174,669	981,755	49.8%	23.7%	70,104
9	696	PCY 3	4,853,835	395,128	4,458,707	1,665,023	126,993	1,792,016	580,600	286,205	112,977	979,782	40.2%	22.0%	71,861
21	742	PCY 2	5,460,344	432,750	5,027,594	2,924,847	149,762	3,074,609	596,571	291,845	383,143	1,271,559	61.2%	25.3%	107,601
82	724	PCY 1	5,260,880	459,126	4,801,754	1,783,573	129,079	1,912,652	628,560	291,393	190,117	1,110,070	39.8%	23.1%	128,600
93	163	CCY	1,285,986	118,741	1,167,245	379,517	18,945	398,462	244,840	56,211	(39,409)	261,642	34.1%	22.4%	34,543

PFY = Prior fiscal Year

CFY = Current Fiscal Year

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

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

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

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

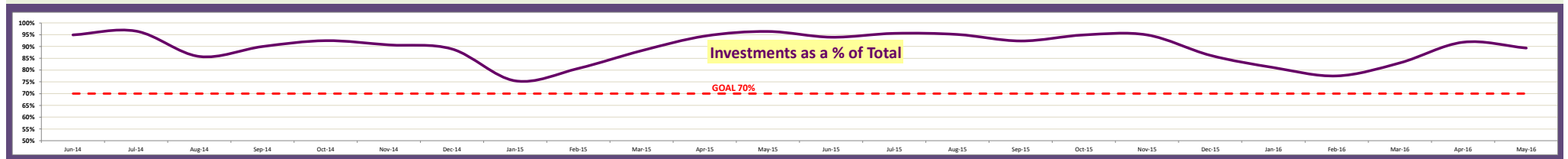
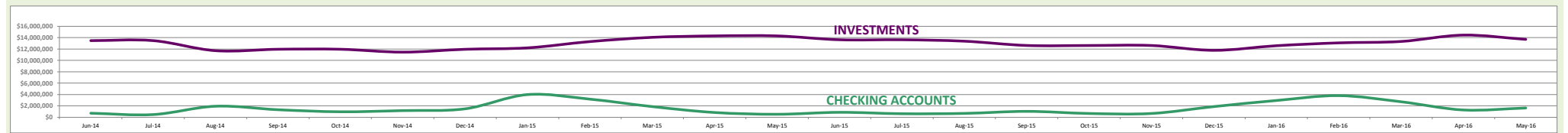
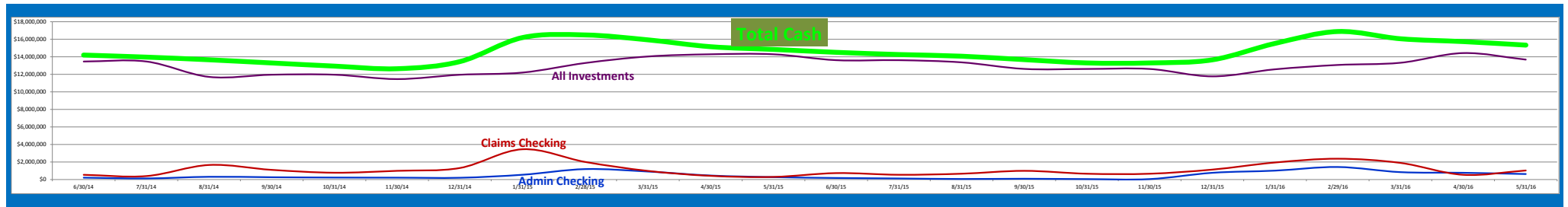
Column 16 should reflect the Investment Income Earned during the contract year as reflected on the income statement.

KMIT Cash/Investment Summary

June 30, 2014--May 31, 2016

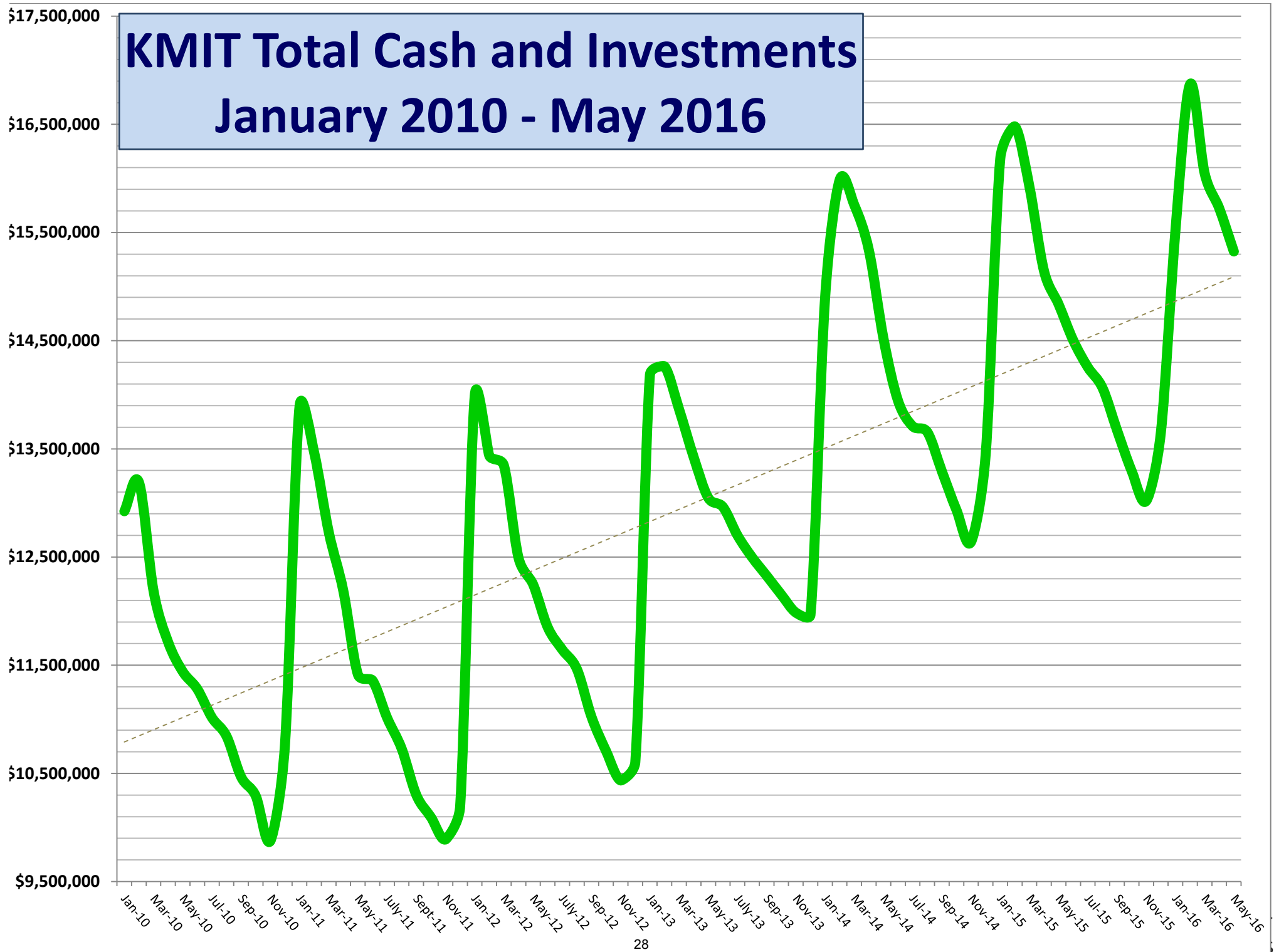
	6/30/14	7/31/14	8/31/14	9/30/14	10/31/14	11/30/14	12/31/14	1/31/15	2/28/15	3/31/15	4/30/15	5/31/15	6/30/15	7/31/15	8/31/15	9/30/15	10/31/15	11/30/15	12/31/15	1/31/16	2/29/16	3/31/16	4/30/16	5/31/16
KMIT Admin Fund (KAF)																								
Admin Account	194,070	104,799	294,067	242,279	206,707	194,692	183,238	531,389	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
Admin Checking	194,070	104,799	294,067	242,279	206,707	194,692	183,238	531,389	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
KMIT Claims Fund (KCF)																								
Claims Account	585,699	159,848	1,525,149	1,020,291	697,396	883,270	1,116,733	3,422,911	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
TPA Claims Check Book (at IMA)	(52,314)	228,201	130,108	74,164	74,390	105,878	194,855	26,993	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
Claims Checking	533,385	388,049	1,655,257	1,094,455	771,786	989,148	1,311,588	3,449,905	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

INVESTMENTS																								
All Investments	13,465,606	13,465,606	11,706,606	11,955,606	11,955,606	11,455,606	11,951,607	12,201,606	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
TOTAL CASH	14,193,061	13,958,454	13,655,930	13,292,340	12,934,099	12,639,446	13,446,433	16,182,900	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
	6/30/14	7/31/14	8/31/14	9/30/14	10/31/14	11/30/14	12/31/14	1/31/15	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



KMIT Total Cash and Investments

January 2010 - May 2016



SUMMARY OF RESULTS

Our estimates of KMIT's ultimate loss and ALAE are shown by accident year in the table below, along with estimates from our last analysis. In total, our estimates have decreased by approximately \$300,000 since our last analysis.

KMIT NET ULTIMATE LOSS & ALAE LIMITED TO AGGREGATE RETENTIONS			
Accident Year	Selected @ 12/31/15	Selected @ 12/31/14	Difference
1994	\$742,241	\$742,241	\$0
1995	1,103,496	1,103,496	0
1996	836,631	836,631	0
1997	1,543,031	1,543,031	0
1998	1,328,630	1,328,631	(1)
1999	1,540,262	1,540,262	0
2000	1,588,723	1,592,966	(4,243)
2001	1,180,293	1,180,293	0
2002	1,340,826	1,340,826	0
2003	1,623,367	1,623,367	0
2004	2,498,969	2,494,672	4,297
2005	4,024,900	3,985,889	39,011
2006	2,905,173	2,905,571	(398)
2007	3,116,175	3,065,209	50,966
2008	3,754,393	3,636,700	117,693
2009	2,333,322	2,348,944	(15,622)
2010	4,220,269	4,081,109	139,160
2011	3,045,103	3,097,095	(51,992)
2012	2,263,115	2,062,085	201,030
2013	2,209,964	2,295,616	(85,652)
2014	3,532,764	3,893,823	(361,059)
2015	3,542,932	3,875,424	(332,492)
Total	\$50,274,579	\$50,573,881	\$(299,302)

Unpaid claim liabilities are derived by subtracting loss and ALAE paid to date from the estimated ultimate loss and ALAE.

KANSAS MUNICIPAL WORKERS' COMPENSATION INSURANCE TRUST

Workers' Compensation Projected 2016 Ultimate Loss & ALAE

	(1)	(2)	(3)	(4)	(5)	(6)	(7) (3)x(4)x(5)x(6)
Accident Year	Ultimate Loss & ALAE Gross of Aggregate	Payroll (\$00's)	Pure Premium	Increased Limits Factor to \$750,000*	Benefit Level Adjustment Factor	Trend Factor**	Trended Pure Premium at \$750,000 Retention
2006	\$2,905,173	\$1,399,227	\$2.08	1.000	1.052	1.10	\$2.41
2007	3,116,175	1,485,167	2.10	1.000	1.043	1.09	2.39
2008	3,754,393	1,588,854	2.36	1.000	1.020	1.08	2.60
2009	2,333,322	1,594,082	1.46	1.000	1.015	1.07	1.59
2010	4,220,269	1,606,836	2.63	1.000	1.024	1.06	2.85
2011	3,045,103	1,534,033	1.99	1.000	1.018	1.05	2.13
2012	2,263,115	1,596,327	1.42	1.000	1.013	1.04	1.50
2013	2,209,964	1,717,948	1.29	1.000	1.007	1.03	1.34
2014	3,532,764	1,987,456	1.78	1.000	0.996	1.02	1.81
2015	3,542,932	1,995,343	1.78	1.000	1.000	1.01	1.80
Total	\$30,923,210	\$16,505,273	\$1.88			Weighted Average	\$2.02
						Avg M3L5	1.70
						Avg L5	1.72
						NCCI Kansas	1.63
(8)	2016 Selected Net Pure Premium						\$1.85
(9)	2016 Projected Payroll (\$00's)						\$2,069,665
(10) = (8) x (9)	Estimated KMIT 2016 Ultimate Losses and ALAE (Prior to Aggregate Excess Insurance)						\$3,828,881
(11)	Aggregate Retention Factor for 2016						0.97
(12) = (10) x (11)	Estimated KMIT 2016 Ultimate Losses and ALAE (Limited to Aggregate Retention)						\$3,714,015
(13)	Discount Factor at 0.69%						0.984
(14) = (12) x (13)	Present Value of Estimated KMIT 2016 Ultimate Losses and ALAE (Limited to Aggregate Retention)						\$3,654,591

* Based on Kansas NCCI Filing.

** Trended at 1.0% per year.

CLAIM SUMMARY-SETTLEMENT REQUEST

Employer: City of Haysville
Claim No.: 2013046988
Employee Age: 46
AWW: \$811.23
Attorneys: Employee -N
Adjuster: Gene Miller

Date of Injury: 10/15/2013
Job Description: Mechanic
Updated: 6/1/2016
TTD Rate: \$540.82
Employer -N

	Medical	Indemnity	Expense	Total
Reserves	\$15,000.00	\$22,444.03	\$1,500.00	\$38,944.03
Amount Paid	\$10,281.06	\$0.00	\$387.89	\$10,668.95
Outstanding	\$4,718.94	\$22,444.03	\$1,112.11	\$28,275.08

Accident Description/Nature of Injury:

- Claimant was pulling electrical wire thru a conduit and developed low back pain and pain into his left leg.

Investigation/Compensability

- The accident details were confirmed and although delay in reporting the injury was accepted as compensable.

Medical Management

- There was little improvement in symptoms with the city doctor and so he was referred to orthopedic Dr. Whittaker. A lumbar MRI revealed multi-level degenerative changes as well as multi-level disc bulges and L4-5 herniated disc. Treatment was conservative with multiple EDI, physical therapy and medication.

Periods of Disability

- He did not meet the 7-day waiting period for TTD.

Permanent Partial Impairment/Permanent Disability

- Dr. Hufford rated him at 10% Body.

Subrogation/Other Issues

- No source for subrogation or contribution.

Plan of Action:

- Request settlement authority to \$22,444.03
- $415 - 0 = 415 \times 10\% = 41.5 \times \$540.82 = \$22,444.03$
- Please grant me the requested authority which is based on our doctor's rating. With that authority, I will negotiate a full/final settlement of all issues.

CLAIM SUMMARY-SETTLEMENT REQUEST

Employer: City of Girard
Claim No.: 2012042862
Employee Age: 58
AWW: \$821.68
Attorneys: Employee -No
Adjuster: Gene Miller

Date of Injury: 4/10/12
Job Description: Public Works
Updated: 5/16/16
TTD Rate: \$547.81
Employer -No

	Medical	Indemnity	Expense	Total
Reserves	\$18,869.99	\$24,145.47	\$1,000.00	\$44,850.13
Amount Paid	\$13,869.99	\$3,834.67	\$157.50	\$17,862.16
Outstanding	\$5,000.00	\$21,145.47	\$842.50	\$26,987.97

Accident Description/Nature of Injury:

- Claimant was reading meters when he stepped in a hole and twisted his right knee.

Investigation/Compensability

- The accident reported the same day it occurred as was medical care. Injury was accepted as compensable.

Medical Management

- His symptoms did not resolve and he was referred to orthopedic Dr. Yost. Claimant has a pacemaker which did not allow a MRI to be done. Dr. Yost proceeded with exploratory arthroscopic surgery on 4/23/12 and repaired torn medical meniscus and ACL in his right knee.

Periods of Disability

- 4/23/12 to 6/10/12

Permanent Partial Impairment/Permanent Disability

- Dr. Yost assigned 20% PPD to right k nee.

Subrogation/Other Issues

- Dr. Yost indicates that he will have persistent problems with pain, limitation of motion and episodic swelling. No source for subrogation or contribution.

Plan of Action:

- Request settlement authority to \$26,145.47
- $200 - 7 = 193 \times 20\% = 38.6 \times \$547.81 = \$21,145.47$
- Please grant me the rating plus \$5,000 to buy out future medical. With that authority I will negotiate a full and final settlement, obtain Division approval and close file.

CLAIM SUMMARY-RESERVE INCREASE

Employer: City of Bonner Springs
Claim No.: 2014069540
Employee Age: 56
AWW: \$500.86
Attorneys: Employee -No
Adjuster: Gene Miller

Date of Injury: 10/1/2014
Job Description: Public Works
Updated: 6/13/2016
TTD Rate: \$333.91
Employer -No

	Medical	Indemnity	Expense	Total
Prev. Reserves	\$1,200.00	\$0.00	\$100.00	\$1,300.00
New Reserves	\$30,000.00	\$10,000.00	\$1,500.00	\$41,500.00
Amount Paid	\$13,658.90	\$0.00	\$451.81	\$14,110.71
Outstanding	\$16,341.10	\$10,000.00	\$1,048.19	\$27,389.29

Accident Description/Nature of Injury:

- Claimant was assisting with leveling of sign post with backhoe bucket when left hand crushed between sign and bucket.

Investigation/Compensability

- The accident was witnessed by several coworkers, reported the same day and treatment received the same day. The injury accepted as compensable.

Medical Management

- X-rays taken of fingers revealed no fractures but he has continued to have pain. He has been referred to pain specialist Dr. Eidelman who continues to administer prescription pain medication with occasional stellate ganglion block. Diagnosis is complex regional pain syndrome.

Periods of Disability

- He returned to work the following day.

Indemnity

- TTD: No reserves posted for TTD.
- PPD: Reserves reflect 20% PPD to hand.

Subrogation/Other Issues

- No source for subrogation or contribution.

Plan of Action:

- When medical treatment seems to have stabilized, will approach doctor with rating request. I will then attempt to settle the claim full/final but future medical expected to be an issue.

CLAIM SUMMARY-RESERVE INCREASE

Employer: City of Fredonia
Claim No.: 2014069973
Employee Age: 57
AWW: \$543.41
Attorneys: Employee -NA
Adjuster: Gene Miller

Date of Injury: 12/5/2014
Job Description: Police
Updated: 6/6/2016
TTD Rate: \$812.12
Employer -NA

	Medical	Indemnity	Expense	Total
Prev. Reserves	\$1,200.00	\$0.00	\$100.00	\$1,300.00
New Reserves	\$30,000.00	\$38,100.00	\$2,500.00	\$70,600.00
Amount Paid	\$7,762.66	\$0.00	\$207.00	\$7,969.66
Outstanding	\$22,237.34	\$38,100.00	\$2,293.00	\$62,630.34

Accident Description/Nature of Injury:

- Policeman was conducting morning business checks and driving across Pizza Hut lot, looked up and geese were in front of him so he swerved and struck a concrete barrier, injuring his neck.

Investigation/Compensability

- The accident was promptly reported and medical treatment obtained that same day. Compensability accepted.

Medical Management

- Conservative treatment did not relieve his symptoms and a MRI was done which revealed broad-based disc herniation at C6-7 and less prominent disc protrusion at C3-4. Referral made to Dr. Nienke who performed surgery 6/1/2016.

Periods of Disability

- 6/1/2016 to present.

Indemnity

- TTD: Reflects 12 weeks TTD.
- PPD: Reflects 14% BAW.

Subrogation/Other Issues

- No source for subrogation or contribution.

Plan of Action:

- Maintain contact following surgery to maintain claimant control. When he reaches MMI, request disability rating, obtain settlement authority, negotiate full/final settlement, obtain Division approval and close file.

CLAIM SUMMARY-RESERVE INCREASE

Employer: City of Garden City
Claim No.: 2015071269
Employee Age: 25
AWW: \$718.98
Attorneys: Employee -NA
Adjuster: Gene Miller

Date of Injury: 6/9/2015
Job Description: Police Officer
Updated: 3/29/2016
TTD Rate: \$479.33
Employer -NA

	Medical	Indemnity	Expense	Total
Prev. Reserves	\$1,200.00	\$0.00	\$100.00	\$1,300.00
New Reserves	\$45,000.00	\$19,200.00	\$2,000.00	\$66,200.00
Amount Paid	\$41,650.43	\$0.00	\$1,082.30	\$42,732.73
Outstanding	\$3,349.57	\$19,200.00	\$917.70	\$23,467.27

Accident Description/Nature of Injury:

- Officer was practicing defensive tactics training and during take down maneuver with fellow officer, she fell off mat and other officer landed on her left knee.

Investigation/Compensability

- The injury was witnessed by several coworkers, reported promptly and not questioned.

Medical Management

- MRI revealed ACL and medical meniscus tears. Conservative treatment failed to relieve symptoms and orthopedic Dr. Do performed CL allograft reconstruction on 8/17/15.
- She continues to participate in physical therapy to strengthen her knee.

Periods of Disability

- She returned to modified work 8/20/15 so did not meet the 7-day waiting period for TTD.

Indemnity

- TTD: Zero
- PPD: Reserve reflects 20% knee.

Subrogation/Other Issues

- No source for subrogation or contribution.

Plan of Action:

- She is nearing MMI (maximum medical improvement) and when released from care, I will request a disability rating. I will request settlement authority, negotiate full/final settlement, obtain Division approval and close file.

CLAIM SUMMARY-RESERVE INCREASE

Employer: City of Peabody
Claim No.: 2016073932
Employee Age: 55
AWW: \$670.31
Attorneys: Employee -No
Adjuster: Gene Miller

Date of Injury: 5/19/2016
Job Description: Public Works
Updated: 6/9/2016
TTD Rate: \$446.87
Employer -No

	Medical	Indemnity	Expense	Total
Prev. Reserves	\$1,200.00	\$0.00	\$100.00	\$1,300.00
New Reserves	\$30,000.00	\$15,000.00	\$1,500.00	\$46,500.00
Amount Paid	\$0.00	\$1,787.48	\$9.20	\$1,796.68
Outstanding	\$30,000.00	\$13,212.52	\$1,490.80	\$44,706.32

Accident Description/Nature of Injury:

- Claimant was reading water meters, lifted manhole cover and then dropped on left foot, fracturing same.

Investigation/Compensability

- The accident was witnessed and injury not questioned.

Medical Management

- The city's doctor made ortho referral and we directed care to Dr. Morgan who recommended surgery to set first metatarsal with hardware. Surgery performed 5/27/16.

Periods of Disability

- He has been off since the injury. Note that he has been released to modified duty on 5/31/16 but the city has refused to provide.

Indemnity

- TTD: Reserves reflect 14 weeks.
- PPD: Reserves reflect 15% to foot.

Subrogation/Other Issues

- No sources for subrogation or contribution. Claimant is a diabetic which may prolong bone healing.

Plan of Action:

- I will follow-up with him after every doctor visit to maintain control and learn his medical progress. I will continue to strive for early return to work. Once he is released MMI, I will request a disability rating, negotiate settlement, obtain Division approval and close file.

CLAIM SUMMARY-RESERVE INCREASE

Employer: City of Independence
Claim No.: 2015070906
Employee Age: 20
AWW: \$422.75
Attorneys: Employee -Kayla Spigarelli
Adjuster: Gene Miller

Date of Injury: 4/21/15
Job Description: Fireman
Updated: 5/17/16
TTD Rate: \$633.81
Employer -Ron Laskowski

	Medical	Indemnity	Expense	Total
Prev. Reserves	\$1,000.00	\$2,500.00	\$100.00	\$3,600.00
New Reserves	\$12,500.00	\$15,000.00	\$3500.00	\$31,000.00
Amount Paid	\$9,223.67	\$0.00	\$761.45	\$9,985.12
Outstanding	\$3,276.33	\$15,000.00	\$2,738.55	\$21,014.88

Accident Description/Nature of Injury:

- Claimant was at a structure fire and inside the house. He was pulling ceiling tile above the stove when he must have come in contact with a live electric wire as there was sparks flying, a buzz and pop. He claims injury to his heart.

Investigation/Compensability

- The accident was witnessed by several coworkers and he received immediate care on the scene so the accident is not questioned. The extent of his heart injury is questioned and we are defending.

Medical Management

- He was taken from fire scene by ambulance to Bartlesville ER and kept 3 days for observation and testing. When released, all testing had come back negative. He is not currently under any physicians care but testified in his deposition that he believes he has suffered 2 heart attacks and continues to experience ongoing symptoms of weakness, numbness and shortness of breath which usually pass in 35-40 minutes.

Periods of Disability

- He returned to work 4/25/15 so did not meet the 7-day waiting period for TTD.

Indemnity

- TTD: No TTD.
- PPD: Reflects 9% BAW.

Subrogation/Other Issues

- No source for subrogation or contribution.

Plan of Action:

- Claimant's attorney has presented a medical opinion and rating from Dr. Bieri relating the accident to his heart condition. Demand was \$20,000 to settle all issues. We have scheduled him to see a defense doctor of our choice to counter or confirm their opinion.

CLAIM SUMMARY-RESERVE INCREASE

Employer: City of Newton
Claim No.: 2016073580
Employee Age: 45
AWW: \$610.00
Attorneys: Employee -No
Adjuster: Gene Miller

Date of Injury: 4/5/16
Job Description: Finance
Updated: 4/8/16
TTD Rate: \$1,762.40
Employer -No

	Medical	Indemnity	Expense	Total
Prev. Reserves	\$ 1,200.00	\$0.00	\$100.00	\$1,300.00
New Reserves	\$50,000.00	\$25,000.00	\$5000.00	\$80,000.00
Amount Paid	\$54.02	\$0.00	\$0.00	\$54.02
Outstanding	\$49,945.98	\$25,000.00	\$5,000.00	\$79,945.98

Accident Description/Nature of Injury:

- Claimant was walking to police station for training and tripped/fell due to uneven city sidewalk. She fractured two bones in her left arm and one bone in her right arm.

Investigation/Compensability

- Accident was witnessed by coworkers who took her to hospital. Injury/accident not questioned and is accepted as compensable.

Medical Management

- Newton hospital referred her to Via Christi where she had bilateral surgeries to her arms on 4/8/16. She will need 24 hour care for 4-6 weeks or until her arms are out of their casts. A medical case manager has been assigned.

Periods of Disability

- She has been off work since the injury.

Indemnity

- TTD: Reserves reflect 6 weeks.
- PPD: Reserves reflect 8% BAW.

Subrogation/Other Issues

- No sources for contribution or subrogation.

Plan of Action:

- I will closely monitor her medical recovery and strive for early return to work. Follow-up after every doctor's appointment to maintain control. When she is released MMI, request disability rating, obtain settlement authority, negotiate settlement, obtain Division approval and close file.

KMIT Risk Control Valued as of 5/31/2016

Comparison by Year

Policy Year	Severity	Frequency
2010	\$4,081,479	666
2011	\$2,863,013	635
2012	\$2,066,272	598
2013	\$1,790,800	696
2014	\$3,287,370	742
2015	\$1,981,748	724
2016	\$742,564	281

2016 by Month

Month	Severity	Frequency
January	\$298,173	69
February	\$50,984	43
March	\$159,169	67
April	\$136,988	61
May	\$97,250	41
Totals	\$742,564	281

2016 by Department

Department Name	Severity	Frequency
Street	\$198,376	26
Administration	\$120,010	13
Police	\$106,521	88
Public Works	\$94,929	24
Emergency	\$84,497	5
Fire	\$43,408	27
Maintenance	\$35,934	12
Water	\$20,567	17
Park	\$10,313	22
Cemetery	\$8,091	9
Electric	\$7,149	12
Miscellaneous	\$3,900	3
Sanitation	\$2,606	7
Recycling	\$1,305	3
Fire Department	\$1,300	1
Road and Bridge	\$1,300	1
Solomon Valley Family Medicine	\$1,300	1
Zoo	\$1,052	2
Municipality	\$3	3
Airport	\$2	1
Animal Control/Shelter	\$2	1
Landfill	\$2	1
Library	\$2	1
Service and Finance department	\$0	1
Totals	\$742,564	281

2016 by Accident Type

Accident Type	Severity	Frequency
Fall or Slip	\$264,904	52
Strain or Injury By	\$251,119	52
Struck or Injured By	\$114,896	27
Occupational Hazard	\$28,394	38
Cut/Puncture/Scrape	\$22,370	33
Motor Vehicle	\$11,182	13
Animal or Insect	\$8,926	12
Robbery or Criminal Assault	\$8,891	11
Striking Against/Stepping On	\$7,903	9
Foreign Body in Eye	\$6,535	7
Burn or Scald	\$6,502	7
Caught In or Between	\$5,203	9
Occupational Hazards: Rep. Motion	\$3,981	6
Miscellaneous Causes	\$1,758	5
Totals	\$742,564	281

**2016 Claims Over \$10,000
Valued as of 5/31/2016**

Rank	Accident Date	City	Department	Accident Type	Current Cost
1	1/7/2016	La Cygne	Street	Strain or Injury By	\$83,500
2	1/10/2016	Waterville	Emergency	Strain or Injury By	\$81,500
3	4/5/2016	Newton	Administration	Fall or Slip	\$80,000
4	1/11/2016	Hoisington	Street	Fall or Slip	\$51,200
5	3/7/2016	Abilene	Street	Struck or Injured By	\$46,500
5	5/19/2016	Peabody	Public Works	Struck or Injured By	\$46,500
7	1/1/2016	Hillsboro	Police	Fall or Slip	\$44,500
8	3/30/2016	Hoisington	Public Works	Fall or Slip	\$26,500
9	2/12/2016	Hays	Maintenance	Strain or Injury By	\$26,200
10	3/11/2016	Hill City	Administration	Fall or Slip	\$24,000
11	3/5/2016	Pittsburg	Fire	Strain or Injury By	\$12,160
				Total Cost of All \$10K+ Claims:	\$522,560
				Avg. Cost of All \$10K+ Claims:	\$47,505

KMIT Trustee Terms, 2001 - Present

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

[1] one-year term

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

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

LKM Contract Discussion Points

1. Agreement (three years?)

- Endorsement
- Contract for Services
- Separate fee schedule for each
- Membership in LKM no longer a requirement
- Total expected/projected expenditure \$25K?
- Suggest we choose the elements and ask LKM to suggest the fees...then negotiate from that point

2. Revise Bylaws, to remove LKM membership requirement and do some minor misc. cleanup

- Must be completed early in 2017
- Advance notification to membership
- Voted on at Annual Meeting **OR** by mail

Non-Agenda Information and Background Material



KANSAS MUNICIPAL INSURANCE TRUST

ACTUARIAL ANALYSIS OF FUNDING AND UNPAID CLAIM LIABILITIES AS OF DECEMBER 31, 2015

Prepared for:

Mr. Don Osenbaugh
Pool Administrator

Prepared by:

Milliman, Inc.

Mindy M. Steichen, FCAS, MAAA
Consulting Actuary

March 25, 2016

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KANSAS MUNICIPAL INSURANCE TRUST

ACTUARIAL ANALYSIS OF FUNDING AND UNPAID CLAIM LIABILITIES AS OF DECEMBER 31, 2015

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KANSAS MUNICIPAL INSURANCE TRUST

ACTUARIAL ANALYSIS OF FUNDING AND UNPAID CLAIM LIABILITIES AS OF DECEMBER 31, 2015

INTRODUCTION

Milliman, Inc. (Milliman) has been retained by the Kansas Municipal Insurance Trust ("KMIT" or the "Trust") to conduct an actuarial analysis to:

- Estimate the unpaid claim liabilities as of December 31, 2015;
- Provide funding estimates for 2016; and
- Provide the above funding estimates on a discounted basis and at various probability levels.

The purpose of our analysis is to assist the Trust in preparing its financial statements. Our analysis is based on data evaluated as of December 31, 2015 and information provided through the date of this report.

The Trust is an interlocal governmental agency formed for the purpose of establishing and administering a group funded workers' compensation pool pursuant to the provisions of Kansas state law governing labor and industries. The Trust began operations on January 1, 1994 and provides a comprehensive workers' compensation insurance program for participating members of the League of Kansas Municipalities. In addition to insurance coverage, the program provides risk management services with an emphasis on loss control, claims administration and management information services.

KMIT limits its exposure to loss by purchasing both per occurrence and aggregate excess insurance. A summary of KMIT's excess insurance program is provided on Exhibit 1.

Our estimates are provided on an undiscounted and discounted basis with respect to the time value of money. Our estimates are net of insurance recoverables and include defense and cost containment expenses (ALAE), but do not include other claims administration expenses.

There have been no material changes in procedures, methodology or significant assumptions used in deriving our estimates since our last analysis performed as of December 31, 2014.

In this report, we are using the terms “loss” or “unpaid claim liability” to represent the sum of the medical loss, indemnity loss and allocated loss adjustment expense (ALAE) components on each claim, unless otherwise noted. Certain items are not considered, specifically administrative costs and the overhead costs of claims handling (commonly referred to as unallocated loss adjustment expenses or ULAE).

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

LIMITED DISTRIBUTION OF RESULTS

Milliman's work has been prepared solely for the internal use of KMIT. No portion of Milliman's work may be provided to any other party without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work. Milliman's work may not be filed with the SEC or other securities regulatory bodies. In addition, references to Milliman or its estimates in communication with third parties are not authorized.

Milliman's consent to release its work product to any third party may be conditioned on the third party signing a third party release agreement, subject to the following exceptions:

- (A) KMIT may provide a copy of Milliman's work to its auditor to be used solely for audit purposes. In the event the audit reveals any error or inaccuracy in the data underlying Milliman's work, Milliman requests the auditor or KMIT notify Milliman as soon as possible.
- (B) KMIT may provide a copy of Milliman's work to governmental entities, as required by law.

In the event Milliman consents to release its work product, it must be provided in its entirety. We recommend that any such party have its own actuary or other qualified professional review the work product to ensure that the party understands the assumptions and uncertainties inherent in our estimates. No third party recipient of Milliman's work product should rely upon Milliman's work product.

Any reader of this report agrees that they shall not use Milliman's name, trademarks or service marks, or refer to Milliman directly or indirectly in any third party communication without Milliman's prior written consent for each such use or release, which consent shall be given in Milliman's sole discretion.

SUMMARY OF RESULTS

Our estimates of KMIT's ultimate loss and ALAE are shown by accident year in the table below, along with estimates from our last analysis. In total, our estimates have decreased by approximately \$300,000 since our last analysis.

KMIT NET ULTIMATE LOSS & ALAE LIMITED TO AGGREGATE RETENTIONS			
Accident Year	Selected @ 12/31/15	Selected @ 12/31/14	Difference
1994	\$742,241	\$742,241	\$0
1995	1,103,496	1,103,496	0
1996	836,631	836,631	0
1997	1,543,031	1,543,031	0
1998	1,328,630	1,328,631	(1)
1999	1,540,262	1,540,262	0
2000	1,588,723	1,592,966	(4,243)
2001	1,180,293	1,180,293	0
2002	1,340,826	1,340,826	0
2003	1,623,367	1,623,367	0
2004	2,498,969	2,494,672	4,297
2005	4,024,900	3,985,889	39,011
2006	2,905,173	2,905,571	(398)
2007	3,116,175	3,065,209	50,966
2008	3,754,393	3,636,700	117,693
2009	2,333,322	2,348,944	(15,622)
2010	4,220,269	4,081,109	139,160
2011	3,045,103	3,097,095	(51,992)
2012	2,263,115	2,062,085	201,030
2013	2,209,964	2,295,616	(85,652)
2014	3,532,764	3,893,823	(361,059)
2015	3,542,932	3,875,424	(332,492)
Total	\$50,274,579	\$50,573,881	\$(299,302)

Unpaid claim liabilities are derived by subtracting loss and ALAE paid to date from the estimated ultimate loss and ALAE.

The following table displays our estimates of KMIT's net unpaid claim liabilities as of December 31, 2015:

KMIT NET UNPAID CLAIM LIABILITIES AS OF DECEMBER 31, 2015			
Accident Year	Case Reserves	IBNR*	Total Unpaid
1994	\$0	\$0	\$0
1995	0	0	0
1996	0	0	0
1997	0	(52,380)	(52,380)
1998	0	0	0
1999	8,559	(9,338)	(779)
2000	16,716	7,915	24,631
2001	0	0	0
2002	0	0	0
2003	0	0	0
2004	26,867	61,778	88,645
2005	85,711	78,257	163,968
2006	70,251	76,136	146,387
2007	119,578	87,216	206,794
2008	139,662	141,401	281,063
2009	21,183	157,870	179,053
2010	253,105	259,964	513,069
2011	343,700	191,455	535,155
2012	198,918	217,236	416,154
2013	168,364	383,068	551,432
2014	298,049	688,485	986,534
2015	726,473	1,812,954	2,539,427
Total	\$2,477,136	\$4,102,017	\$6,579,153

* The 1997 and 1999 year incurred and paid losses exceed the aggregate retention. Ultimately KMIT should recover losses excess of the aggregate retention from Safety National.

The total unpaid claim liability includes a provision for case reserves, expected development of case reserves, incurred but not reported (IBNR) reserves, allocated loss adjustment expense reserves and excess insurance recoveries. We have not estimated a provision for claims administration expenses. The estimates in the above table are net of KMIT's excess insurance protection, and are shown on an undiscounted (full value) basis. We have not included a provision for KMIT's exposure above its aggregate excess insurance.

The estimates presented above can be characterized as actuarial central estimates and represent an expected value over a range of reasonably possible outcomes. They do not reflect all conceivable extreme events where the contribution of such events to an expected value is not reliably estimable. The estimates are not defined by a precise statistical measure (i.e., mean, median, mode, etc.), but are selected from multiple indications produced by a variety of generally accepted actuarial methods.

Our actuarial central estimate of KMIT's ultimate loss for the January 1, 2016 to December 31, 2016 fund year is \$3.71 million on an undiscounted basis and \$3.65 million discounted at a yield rate of 0.69%. The following table displays our estimated funding amounts at various probability levels:

KMIT 2016 FUND YEAR LIMITED TO \$750,000 PER OCCURRENCE AND \$6,923,594 AGGREGATE RETENTION		
Probability Level	Undiscounted	Discounted @ 0.69%
95%	\$6,923,594	\$6,812,816
85%	5,831,004	5,737,707
75%	4,679,659	4,604,784
65%	3,936,856	3,873,866
Actuarial Central Estimate	\$3,714,015	\$3,654,591

GENERAL APPROACH

We used four projection techniques to develop estimates of the ultimate losses. The unpaid claim liability was then derived by subtracting losses paid as of December 31, 2015 from the estimated ultimate losses. The following methods were used to project ultimate losses:

- Incurred loss development projection;
- Paid loss development projection;
- Incurred Bornhuetter-Ferguson projection; and
- Paid Bornhuetter-Ferguson projection.

Loss Development Methods

Incurred losses are defined as paid losses plus reported reserves on open claims (case reserves). The incurred loss development method derives an estimate of ultimate losses by multiplying the incurred losses by an incurred loss development factor. The loss development factor reflects expected development from late reported claims (IBNR) and reopened claims, as well as from changes in the aggregate value of case reserves as accident years mature. When necessary, we have supplemented KMIT's historical experience with external data sources in selecting development factors (Exhibit 2). Specifically, we referenced insurance industry experience for workers' compensation business in Kansas and countrywide.

The paid loss development method derives an estimate of ultimate losses by multiplying paid losses by a paid loss development factor. Again, we considered Kansas and countrywide workers' compensation experience in our selection of paid loss development factors (Exhibit 4). The paid loss development factors reflect the expected relationship between ultimate losses and paid losses through December 31, 2015.

Exhibits 3 and 5 display the results of the incurred and paid loss development projections.

Bornhuetter-Ferguson Methods

The Incurred Bornhuetter-Ferguson method derives ultimate losses by adding an estimated IBNR amount to the losses reported to date. The estimated IBNR was based on an initial estimate of the ultimate losses (a priori estimate) and an estimated reporting pattern for incurred losses. The a priori loss estimates for fund years 1994 through 2015 were based on our December 31, 2014 analysis of ultimate losses.

We relied on the development pattern underlying the incurred loss development projection method to select a reporting pattern. Specifically, the estimated percentage unreported is equal to one minus the reciprocal of the cumulative incurred loss development factor. Estimated ultimate losses were then derived by adding the estimated IBNR to the incurred losses as of December 31, 2015.

The Paid B-F method derives ultimate losses by adding an estimated unpaid amount to the paid losses to date. The estimated unpaid loss was calculated by taking one minus the reciprocal of the cumulative paid loss development factor multiplied by the a priori loss estimate.

Exhibits 6 and 7 display the results of the incurred and paid B-F projections.

Based on the projection methods outlined above, we selected the net ultimate loss estimates by accident year, as displayed on Exhibit 8.

Unpaid Claim Liabilities

The unpaid claim liability was derived by subtracting the cumulative paid loss and ALAE through December 31, 2015 from the estimated ultimate loss and ALAE. Exhibit 9 displays the calculation of the net unpaid claim liabilities, as well as the net IBNR, which is equal to the total net unpaid claim liabilities less the net case reserves as of December 31, 2015.

The negative IBNR amounts in the 1997 and 1999 fund years are due to the fact that incurred losses exceed the aggregate retention for those years. KMIT expects to fully recover the losses excess of the aggregate retention from its excess insurer. KMIT has made payments and has case reserves in excess of the aggregate retention. IBNR for 1997 and 1999 reflects aggregate recoveries already received of \$300,247 and \$111,920, respectively. Additional recoveries are expected.

FUNDING ANALYSIS

Exhibit 10 derives our projection of KMIT's ultimate losses for accident year 2016. Our projections were based on KMIT's historical loss experience as well as aggregate Kansas workers' compensation loss experience (adjusted to reflect KMIT's risk profile). Our selected ultimate losses were used to calculate pure premiums (ultimate loss per \$100 payroll) for accident years 2006 through 2015. These pure premiums were adjusted for:

- Changes in the self-insured retention;
- Changes in benefit levels (Exhibit 11); and
- Trends in average claim costs (1.0% per year).

The selected 2016 pure premium (row 8) was multiplied by the projected 2016 payroll to estimate the ultimate loss, prior to aggregate excess insurance (row 10).

We have provided funding estimates on both an undiscounted and a discounted basis. Undiscounted values are the nominal estimates of claims to be paid in the future and do not reflect the time value of money. The discounted value reflects the amount of assets which, when combined with investment earnings on these assets assumed to accumulate at a specified yield rate, are estimated to be sufficient to pay all claims. We used a 0.69% yield assumption, as provided by KMIT. The selected payout pattern is shown on Exhibit 12, and the resulting present value factor is displayed on Exhibit 13.

It is not uncommon for self-insured entities to fund at levels which include a margin for adverse loss experience. One way to accomplish this is to fund at a probability level greater than the actuarial central estimate. For purposes of developing estimates at various probability levels, the actuarial central estimates presented in this report (both undiscounted and discounted) represent expected value estimates. As such, when the ultimate cost of the claims is known, there is approximately an equal probability that the actual value will be higher or lower than the estimated value. To estimate liabilities at various probability levels,

we relied on an insurance industry based distribution of aggregate workers' compensation losses, adjusted to reflect characteristics of KMIT's loss experience. The resulting unpaid claim liabilities at various probability levels are displayed on Exhibit 14.

We know of no specific requirement that a public entity fund at a given probability level. The funding level is a reflection of the entity's risk tolerance, as well as the availability of funds from other sources in the event the self-insurance fund falls short of the paid amounts. There is always a chance that the balance in the fund will not be sufficient to meet the claims that will be charged against it. While we believe a self-insured entity should recognize the potential risk of assuming its own claim liabilities, there is no simple formula that we know of to decide how much self-insured exposure is prudent. Of course, budget and risk considerations may play a role in the decision.

The range of values displayed in the exhibits (in particular the 95th percentile) does not represent the highest or lowest possible values of the discounted loss and ALAE claim liabilities. Potential variation around these values exists, both due to uncertainty with respect to the amount, as well as timing of future payments along with the investment yield.

QUALIFICATIONS AND LIMITATIONS

The actuarial methodology used in this report assumes that case reserves on reported claims are consistently estimated based on current facts known about the claims as of the date of valuation. No independent review of any specific claim files has been performed by Milliman.

In estimating KMIT's unpaid claim liabilities, it is necessary to project future loss and ALAE payments. It is certain that actual future losses and ALAE will not develop exactly as projected and may vary significantly from our projections. Further, our projections make no provision for future emergence of new classes of losses or types of losses (such as cumulative trauma claims), which are not sufficiently represented in KMIT's historical database or which are not yet quantifiable.

In performing this analysis, we have relied on data and other information provided to us by KMIT. We have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete. In that event, the results of our analysis may not be suitable for the intended purpose.

We performed a limited review of the data used directly in our analysis for reasonableness and consistency and have not found material defects in the data. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or relationships that are materially inconsistent. Such a review was beyond the scope of our assignment.

The sensitivity of key variables in this analysis was considered. Key variables include the selected loss development tails, trend factors, and pure premiums. The overall results are potentially sensitive to these key variables, and reasonable alternative selections could change the results in either direction.

KMIT's data was supplemented with insurance industry data where deemed necessary, such as loss development factors where credible data was not available. The use of external data is another source of uncertainty in our estimates.

The emergence of individual large losses (or changes in case reserves on existing open claims) could materially change our results. We cannot predict the timing of large losses, but their possibility increases the uncertainty inherent in our estimates.

Milliman is not expressing an opinion as to the appropriateness of discounting KMIT's unpaid claims liabilities for financial reporting. We have not examined KMIT's current investment portfolio nor its current investment philosophy. In estimating KMIT's discounted loss reserves, we used an annual effective interest rate of 0.69%. The interest rate was provided to us by KMIT and is based on its assessment of its investment returns. KMIT selected the interest rate because KMIT has greater familiarity with the potential investment returns on its assets. The selected interest rate does not conflict significantly with what, in our opinion, would be reasonable for the purpose of this assignment.

Future rates of return are not guaranteed and may exceed or fall below the assumed rate. Also, the actual timing of loss payments is subject to variability. Differences between actual and expected rates of return and timing of payments from those underlying our estimates may have a material effect on the amount of the discount. Further, our projections assume the existence of valid assets underlying the unpaid claim liabilities and that these assets are appropriate to meet the cash flow needs of KMIT. We have not reviewed the held assets.

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

We did not review the actual excess and aggregate insurance contracts of KMIT but relied on summaries of the terms of the contracts provided by KMIT. Our results, net of excess insurance, assume that all excess insurance is valid and collectible. We are not able to assess the potential for uncollectible excess insurance without performing a substantial amount of additional work beyond the scope of our assignment. We have not anticipated any contingent liabilities that could arise if the excess insurers do not meet their obligations to KMIT as reflected in the data and other information provided to us.

◆ ◆ ◆ ◆ ◆

We appreciate the opportunity to again be of service to the Kansas Municipal Insurance Trust. If you have any questions on our report, please do not hesitate to contact us.

Sincerely,



Mindy M. Steichen, FCAS, MAAA
Consulting Actuary

MMS/bas

cc: Deanna Furman
Debbie James

March 25, 2016

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KANSAS MUNICIPAL WORKERS' COMPENSATION INSURANCE TRUST

Workers' Compensation Summary of Excess Insurance Program

<u>Insurance Period</u>	<u>Per Claim Retention</u>	<u>Aggregate Retention</u>	<u>Excess Insurance Policy Limit</u>
1/01/94-12/31/95 *	\$250,000	\$2,376,391	\$5,000,000
1/01/96-12/31/96	250,000	1,796,589	3,000,000
1/01/97-12/31/97	250,000	1,543,031	3,000,000
1/01/98-12/31/98	250,000	1,472,773	3,000,000
1/01/99-12/31/99	250,000	1,540,262	3,000,000
1/01/00-12/31/00	250,000	1,702,335	3,000,000
1/01/01-12/31/01	250,000	2,045,088	3,000,000
1/01/02-12/31/02	300,000 **	2,720,504	3,000,000
1/01/03-12/31/03	300,000 ***	3,218,926	3,000,000
1/01/04-12/31/04	500,000	4,544,300	3,000,000
1/01/05-12/31/05	500,000	5,602,842	3,000,000
1/01/06-12/31/06	750,000	4,978,483	3,000,000
1/01/07-12/31/07	750,000	4,920,798	3,000,000
1/01/08-12/31/08	750,000	5,448,469	3,000,000
1/01/09-12/31/09	750,000	5,503,943	3,000,000
1/01/10-12/31/10	750,000	5,517,871	3,000,000
1/01/11-12/31/11	750,000	5,397,530	3,000,000
1/01/12-12/31/12	750,000	5,619,072	3,000,000
1/01/13-12/31/13	750,000	6,047,177	3,000,000
1/01/14-12/31/14	750,000	6,550,307	3,000,000
1/01/15-12/31/15	750,000	6,994,827	3,000,000
1/01/16-12/31/16	\$750,000	\$6,923,594	\$3,000,000

* For the 1994 & 1995 years, the aggregate retention of \$2.4M is applicable on a combined basis.

** The Retention for Class Code 7539 is \$350,000 and \$300,000 for all other Class Codes.

*** The Retention for Class Code 7539 is \$400,000 and \$300,000 for all other Class Codes.

KANSAS MUNICIPAL WORKERS' COMPENSATION INSURANCE TRUST

Workers' Compensation
Incurred Medical & Indemnity Loss & ALAE Limited to Per Claim Retentions

Accident Year	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216	228	240	252	264
1994	549,504	752,689	775,594	743,060	742,241	742,241	742,241	742,241	742,241	742,241	742,241	742,241	742,241	742,241	742,241	742,241	742,241	742,241	742,241	742,241	742,241	742,241
1995	546,387	1,083,821	1,098,272	1,108,380	1,102,723	1,103,118	1,103,118	1,103,118	1,103,118	1,103,118	1,103,118	1,103,118	1,103,118	1,103,118	1,103,118	1,103,118	1,103,118	1,103,118	1,103,496	1,103,496	1,103,496	
1996	544,209	680,655	739,898	856,552	856,495	836,460	836,493	836,493	836,493	836,631	836,631	836,631	836,631	836,631	836,631	836,631	836,631	836,631	836,631	836,631	836,631	
1997	1,315,384	1,548,834	1,787,838	1,749,009	1,747,333	1,775,940	1,807,342	1,807,365	1,808,816	1,808,816	1,808,816	1,801,890	1,826,890	1,826,890	1,826,890	1,833,890	1,896,890	1,896,890	1,895,658			
1998	715,614	999,500	1,091,244	1,084,938	1,120,177	1,183,709	1,218,855	1,310,767	1,328,630	1,328,630	1,328,631	1,328,631	1,328,631	1,328,631	1,328,631	1,328,631	1,328,631	1,328,631	1,328,631	1,328,631	1,328,631	
1999	725,540	1,112,731	1,302,534	1,460,666	1,512,637	1,504,443	1,552,010	1,573,510	1,642,112	1,642,112	1,646,612	1,646,612	1,646,612	1,651,612	1,651,612	1,651,612	1,661,521	1,661,520				
2000	696,850	1,036,064	1,205,669	1,239,967	1,296,491	1,317,123	1,355,755	1,411,001	1,418,001	1,418,001	1,523,001	1,574,576	1,577,021	1,580,271	1,580,775	1,580,808						
2001	815,645	1,128,688	1,199,118	1,191,746	1,192,910	1,193,220	1,198,501	1,180,293	1,180,293	1,180,293	1,180,293	1,180,293	1,180,293	1,180,293	1,180,293	1,180,293						
2002	1,054,829	1,477,212	1,365,075	1,343,505	1,343,505	1,340,826	1,340,826	1,340,826	1,340,826	1,340,826	1,340,826	1,340,826	1,340,826	1,340,826	1,340,826	1,340,826						
2003	1,282,114	1,607,815	1,593,726	1,591,103	1,598,258	1,598,258	1,623,547	1,628,451	1,635,451	1,635,451	1,635,451	1,623,367	1,623,367									
2004	1,293,267	2,063,658	2,133,976	2,318,109	2,344,150	2,340,188	2,305,072	2,301,629	2,324,597	2,429,597	2,436,741	2,437,191										
2005	2,233,412	3,244,786	3,358,164	3,440,441	3,599,488	3,603,227	3,761,251	3,841,672	3,893,333	3,896,316	3,946,643											
2006	1,652,427	2,506,421	2,521,407	2,622,453	2,621,186	2,702,302	2,741,620	2,829,620	2,829,037	2,829,037												
2007	1,674,625	2,331,829	2,439,995	2,589,099	2,764,193	2,795,735	2,870,662	2,960,162	3,028,959													
2008	2,436,655	3,008,881	3,206,923	3,312,358	3,392,219	3,475,316	3,480,497	3,612,992														
2009	1,394,062	2,103,767	2,053,555	2,131,483	2,223,547	2,190,325	2,175,452															
2010	2,362,300	3,183,354	3,678,422	3,624,648	3,813,725	3,960,305																
2011	2,198,429	2,404,188	2,475,834	2,812,895	2,853,648																	
2012	1,359,817	1,686,437	1,766,421	2,045,879																		
2013	1,503,391	1,723,903	1,826,896																			
2014	2,563,324	2,844,279																				
2015	1,729,978																					
Accident Year	12 - 24	24 - 36	36 - 48	48 - 60	60 - 72	72 - 84	84 - 96	96 - 108	108 - 120	120 - 132	132 - 144	144 - 156	156 - 168	168 - 180	180 - 192	192 - 204	204 - 216	216 - 228	228 - 240	240 - 252	252 - 264	264 - Ult
1994	1.370	1.030	0.958	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1995	1.984	1.013	1.009	0.995	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1996	1.251	1.087	1.158	1.000	0.977	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1997	1.177	1.154	0.978	0.999	1.016	1.018	1.000	1.001	1.000	1.000	0.996	1.014	1.000	1.000	1.004	1.034	1.000	0.999				
1998	1.397	1.092	0.994	1.032	1.057	1.030	1.075	1.014	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000					
1999	1.534	1.171	1.121	1.036	0.995	1.032	1.014	1.044	1.000	1.003	1.000	1.000	1.003	1.000	1.006	1.000						
2000	1.487	1.164	1.028	1.046	1.016	1.029	1.041	1.005	1.000	1.074	1.034	1.002	1.002	1.000	1.000							
2001	1.384	1.062	0.994	1.001	1.000	1.004	0.985	1.000	1.000	1.000	1.000	1.000	1.000	1.000								
2002	1.400	0.924	0.984	1.000	0.998	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000									
2003	1.254	0.991	0.998	1.004	1.000	1.016	1.003	1.004	1.000	1.000	0.993	1.000										
2004	1.596	1.034	1.086	1.011	0.998	0.985	0.999	1.010	1.045	1.003	1.000											
2005	1.453	1.035	1.025	1.046	1.001	1.044	1.021	1.013	1.001	1.013												
2006	1.517	1.006	1.040	1.000	1.031	1.015	1.032	1.000	1.000													
2007	1.392	1.046	1.061	1.068	1.011	1.027	1.031	1.023														
2008	1.235	1.066	1.033	1.024	1.024	1.001	1.038															
2009	1.509	0.976	1.038	1.043	0.985	0.993																
2010	1.348	1.156	0.985	1.052	1.038																	
2011	1.094	1.030	1.136	1.014																		
2012	1.240	1.047	1.158																			
2013	1.147	1.060																				
2014	1.110																					
NCCI Kansas	1.212	1.044	1.023	1.012	1.010	1.007	1.020	1.008	1.004	1.002	1.006	1.002	1.003	1.004	1.001	1.001	1.006	1.000	0.999	<-- 228 - Ult		
NCCI Countrywide	1.336	1.096	1.049	1.026	1.017	1.011	1.009	1.007	1.006	1.005	1.003	1.005	1.003	1.003	1.002	1.002	1.003	1.002	1.026	<-- 228 - Ult		
Average	1.375	1.057	1.041	1.021	1.009	1.012	1.016	1.008	1.004	1.008	1.002	1.002	1.001	1.000	1.001	1.006	1.000	1.000	1.000	1.000	1.000	
Average x H/L	1.358	1.058	1.039	1.019	1.008	1.012	1.014	1.006	1.000	1.002	1.000	1.000	1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000	
Wtd Average	1.332	1.054	1.041	1.026	1.012	1.014	1.019	1.010	1.005	1.009	1.002	1.002	1.001	1.000	1.002	1.008	1.000	1.000	1.000	1.000	1.000	
Select for 94-03*	1.332	1.054	1.057	1.034	1.012	1.014	1.019	1.010	1.005	1.003	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
94-03 Cumulative	1.645	1.235	1.172	1.109	1.073	1.060	1.045	1.026	1.016	1.011	1.008	1.006	1.005	1.005	1.005	1.005	1.005	1.005	1.005	1.005	1.005	1.005
Select for 04-15**	1.332	1.054	1.057	1.034	1.012	1.014	1.019	1.010	1.005	1.003	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
04-15 Cumulative	1.670	1.254	1.190	1.126	1.089	1.076	1.061	1.041	1.031	1.026	1.023	1.021	1.020	1.020	1.020	1.020	1.020	1.020	1.020	1.020	1.020	1.020

* Years with SIRs of \$250,000 or \$300,000.

** Years with SIRs of \$500,000 or \$750,000.

KANSAS MUNICIPAL WORKERS' COMPENSATION INSURANCE TRUST

Workers' Compensation
Net Ultimate Medical & Indemnity Loss & ALAE Indications
Incurred Loss Development Projection
Evaluation as of 12/31/15

		(1)	(2)	(3)	(4) = [(1)-(2)]x(3)+(2)
Accident Year	Months of Development	Incurred Loss & ALAE @ 12/31/15	Incurred Large Loss & ALAE Adjustment	Cumulative Incurred LDF*	Indicated Ultimate Loss & ALAE**
1994	264	\$742,241	\$0	1.005	\$745,952
1995	252	1,103,496	0	1.005	1,109,013
1996	240	836,631	0	1.005	840,814
1997	228	1,895,658	0	1.005	1,905,136
1998	216	1,328,630	0	1.005	1,335,273
1999	204	1,661,520	0	1.005	1,669,828
2000	192	1,580,808	0	1.005	1,588,712
2001	180	1,180,293	0	1.005	1,186,194
2002	168	1,340,826	0	1.005	1,347,530
2003	156	1,623,367	0	1.005	1,631,484
2004	144	2,437,191	0	1.021	2,488,372
2005	132	3,946,643	499,925	1.023	4,025,918
2006	120	2,829,037	0	1.026	2,902,592
2007	108	3,028,959	0	1.031	3,122,857
2008	96	3,612,992	0	1.041	3,761,125
2009	84	2,175,452	0	1.061	2,308,155
2010	72	3,960,305	0	1.076	4,261,288
2011	60	2,853,648	0	1.089	3,107,623
2012	48	2,045,879	0	1.126	2,303,660
2013	36	1,826,896	0	1.190	2,174,006
2014	24	2,844,279	750,000	1.254	3,376,226
2015	12	1,729,978	0	1.670	2,889,063
Total		\$46,584,729	\$1,249,925		\$50,080,821

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

** The large claims in 2005 & 2014 were not developed.

KANSAS MUNICIPAL WORKERS' COMPENSATION INSURANCE TRUST

Workers' Compensation
Paid Medical & Indemnity Loss & ALAE Limited to Per Claim Retentions

Accident Year	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216	228	240	252	264
1994	337,680	572,772	672,657	722,555	742,241	742,241	742,241	742,241	742,241	742,241	742,241	742,241	742,241	742,241	742,241	742,241	742,241	742,241	742,241	742,241	742,241	742,241
1995	311,299	770,471	1,000,258	1,025,950	1,102,723	1,103,118	1,103,118	1,103,118	1,103,118	1,103,118	1,103,118	1,103,118	1,103,118	1,103,118	1,103,118	1,103,118	1,103,118	1,103,118	1,103,496	1,103,496	1,103,496	
1996	233,827	557,835	701,367	831,383	856,495	836,460	836,493	836,493	836,493	836,631	836,631	836,631	836,631	836,631	836,631	836,631	836,631	836,631	836,631	836,631	836,631	
1997	698,376	1,236,709	1,600,714	1,689,902	1,749,729	1,761,798	1,774,588	1,787,037	1,785,022	1,790,744	1,795,115	1,799,457	1,812,180	1,817,500	1,822,970	1,830,014	1,835,872	1,843,278	1,895,658			
1998	382,887	762,358	946,649	1,033,877	1,068,430	1,123,046	1,188,439	1,286,699	1,311,945	1,328,630	1,328,631	1,328,631	1,328,631	1,328,631	1,328,631	1,328,631	1,328,631	1,328,631	1,328,631	1,328,631	1,328,631	
1999	497,057	945,543	1,231,294	1,387,701	1,433,141	1,470,482	1,488,630	1,501,435	1,569,579	1,633,846	1,636,617	1,637,470	1,638,895	1,640,575	1,645,221	1,652,182	1,652,961					
2000	405,729	832,626	1,120,010	1,198,918	1,296,491	1,310,649	1,327,913	1,363,971	1,378,649	1,395,111	1,462,558	1,547,462	1,550,510	1,553,759	1,561,239	1,564,092						
2001	460,784	967,977	1,064,877	1,191,746	1,192,444	1,193,220	1,194,038	1,180,293	1,180,293	1,180,293	1,180,293	1,180,293	1,180,293	1,180,293	1,180,293	1,180,293						
2002	659,579	1,130,950	1,324,566	1,340,467	1,340,825	1,340,825	1,340,825	1,340,825	1,340,825	1,340,826	1,340,826	1,340,826	1,340,826	1,340,826	1,340,826	1,340,826						
2003	964,665	1,462,892	1,532,404	1,542,377	1,598,258	1,598,258	1,602,481	1,616,517	1,623,367	1,623,367	1,623,367	1,623,367	1,623,367	1,623,367								
2004	786,944	1,561,934	1,953,110	2,101,031	2,248,698	2,279,692	2,294,399	2,297,324	2,307,329	2,380,745	2,393,750	2,410,324										
2005	1,229,826	2,570,887	2,944,207	3,152,061	3,367,881	3,469,495	3,621,588	3,735,826	3,762,129	3,839,629	3,860,932											
2006	874,076	1,920,917	2,220,653	2,387,480	2,526,291	2,625,597	2,641,385	2,739,343	2,749,626	2,758,786												
2007	787,012	1,984,011	2,279,729	2,351,320	2,526,347	2,619,834	2,663,981	2,768,556	2,909,381													
2008	1,191,790	2,489,314	2,865,128	3,060,081	3,201,123	3,242,919	3,294,839	3,473,330														
2009	730,841	1,582,734	1,831,733	1,946,136	2,099,939	2,143,884	2,154,269															
2010	1,125,821	2,295,412	3,059,724	3,408,765	3,596,993	3,707,200																
2011	923,653	1,662,070	1,908,433	2,383,873	2,509,948																	
2012	794,945	1,405,620	1,633,737	1,846,961																		
2013	678,447	1,493,185	1,658,532																			
2014	1,390,345	2,546,230																				
2015	1,003,505																					
Accident Year	12 - 24	24 - 36	36 - 48	48 - 60	60 - 72	72 - 84	84 - 96	96 - 108	108 - 120	120 - 132	132 - 144	144 - 156	156 - 168	168 - 180	180 - 192	192 - 204	204 - 216	216 - 228	228 - 240	240 - 252	252 - 264	264 - Ult
1994	1.696	1.174	1.074	1.027	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1995	2.475	1.298	1.026	1.075	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1996	2.386	1.257	1.185	1.030	0.977	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1997	1.771	1.294	1.056	1.035	1.007	1.007	1.007	0.999	1.003	1.002	1.002	1.007	1.003	1.003	1.004	1.003	1.004	1.028				
1998	1.991	1.242	1.092	1.033	1.051	1.058	1.083	1.020	1.013	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000					
1999	1.902	1.302	1.127	1.033	1.026	1.012	1.009	1.045	1.041	1.002	1.001	1.001	1.001	1.003	1.004	1.000						
2000	2.052	1.345	1.070	1.081	1.011	1.013	1.027	1.011	1.012	1.048	1.058	1.002	1.002	1.005	1.002							
2001	2.101	1.100	1.119	1.001	1.001	1.001	0.988	1.000	1.000	1.000	1.000	1.000	1.000	1.000								
2002	1.715	1.171	1.012	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000									
2003	1.516	1.048	1.007	1.036	1.000	1.003	1.009	1.004	1.000	1.000	1.000	1.000										
2004	1.985	1.250	1.076	1.070	1.014	1.006	1.001	1.004	1.032	1.005	1.007											
2005	2.090	1.145	1.071	1.068	1.030	1.044	1.032	1.007	1.021	1.006												
2006	2.198	1.156	1.075	1.058	1.039	1.006	1.037	1.004	1.003													
2007	2.521	1.149	1.031	1.074	1.037	1.017	1.039	1.051														
2008	2.089	1.151	1.068	1.046	1.013	1.016	1.054															
2009	2.166	1.157	1.062	1.079	1.021	1.005																
2010	2.039	1.333	1.114	1.055	1.031																	
2011	1.799	1.148	1.249	1.053																		
2012	1.768	1.162	1.131																			
2013	2.201	1.111																				
2014	1.831																					
NCCI Kansas	2.123	1.245	1.107	1.047	1.031	1.020	1.014	1.012	1.010	1.007	1.006	1.005	1.003	1.005	1.004	1.004	1.004	1.003	1.041	<-- 228 - Ult		
NCCI Countrywide	2.140	1.268	1.125	1.070	1.043	1.030	1.021	1.017	1.013	1.011	1.010	1.008	1.007	1.006	1.006	1.005	1.005	1.005	1.076	<-- 228 - Ult		
Average	2.014	1.200	1.087	1.048	1.015	1.012	1.019	1.010	1.010	1.005	1.006	1.001	1.001	1.001	1.001	1.001	1.001	1.007	1.000	1.000	1.000	
Average x H/L	2.013	1.200	1.082	1.048	1.015	1.009	1.017	1.008	1.008	1.002	1.001	1.000	1.000	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	
Wtd Average	1.988	1.189	1.085	1.052	1.019	1.014	1.024	1.012	1.012	1.006	1.007	1.001	1.001	1.002	1.002	1.001	1.001	1.012	1.000	1.000	1.000	
Select for 94-03*	1.988	1.189	1.119	1.052	1.028	1.014	1.024	1.012	1.012	1.006	1.003	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
94-03 Cumulative	3.163	1.591	1.338	1.196	1.137	1.106	1.091	1.065	1.052	1.040	1.034	1.031	1.029	1.028	1.027	1.026	1.025	1.024	1.023	1.022	1.021	1.020
Select for 04-15**	1.988	1.189	1.119	1.052	1.028	1.014	1.024	1.012	1.012	1.006	1.003	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
04-15 Cumulative	3.207	1.613	1.357	1.213	1.153	1.122	1.107	1.081	1.068	1.055	1.049	1.046	1.044	1.043	1.042	1.041	1.040	1.039	1.038	1.037	1.036	1.035

* Years with SIRs of \$250,000 or \$300,000.

** Years with SIRs of \$500,000 or \$750,000.

KANSAS MUNICIPAL WORKERS' COMPENSATION INSURANCE TRUST

Workers' Compensation
Net Ultimate Medical & Indemnity Loss & ALAE Indications
Paid Loss Development Projection
Evaluation as of 12/31/15

		(1)	(2)	(3)	(4)	(5) = [(1)-(2)]x(4)+(3)
Accident Year	Months of Development	Paid Loss & ALAE @12/31/15	Paid Large Loss & ALAE Adjustment	Incurred Large Loss & ALAE Adjustment	Cumulative Paid LDF*	Indicated Ultimate Loss & ALAE**
1994	264	\$742,241	\$0	\$0	1.020	\$757,086
1995	252	1,103,496	0	0	1.021	1,126,669
1996	240	836,631	0	0	1.022	855,037
1997	228	1,895,658	0	0	1.023	1,939,258
1998	216	1,328,630	0	0	1.024	1,360,517
1999	204	1,652,961	0	0	1.025	1,694,285
2000	192	1,564,092	0	0	1.026	1,604,758
2001	180	1,180,293	0	0	1.027	1,212,161
2002	168	1,340,826	0	0	1.028	1,378,369
2003	156	1,623,367	0	0	1.029	1,670,445
2004	144	2,410,324	0	0	1.046	2,521,199
2005	132	3,860,932	499,925	499,925	1.049	4,025,621
2006	120	2,758,786	0	0	1.055	2,910,519
2007	108	2,909,381	0	0	1.068	3,107,219
2008	96	3,473,330	0	0	1.081	3,754,670
2009	84	2,154,269	0	0	1.107	2,384,776
2010	72	3,707,200	0	0	1.122	4,159,478
2011	60	2,509,948	0	0	1.153	2,893,970
2012	48	1,846,961	0	0	1.213	2,240,364
2013	36	1,658,532	0	0	1.357	2,250,628
2014	24	2,546,230	750,000	750,000	1.613	3,647,319
2015	12	1,003,505	0	0	3.207	3,218,241
Total		\$44,107,593	\$1,249,925	\$1,249,925		\$50,712,589

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

** The large claims in 2005 & 2014 were not developed.

KANSAS MUNICIPAL WORKERS' COMPENSATION INSURANCE TRUST

Workers' Compensation
Net Ultimate Medical & Indemnity Loss & ALAE Indications
Incurred Bornhuetter - Ferguson Projection Method
Evaluation as of 12/31/15

	(1)	(2)	(3)	(4)	(5)	(6)	
				=[(1)-(2)]x[1-1/(3)]		= (4) + (5)	
Accident Year	Months of Development	A' Priori Ultimate Losses & ALAE*	Large Loss & ALAE Adjustment	Incurred Cumulative LDF	Incurred Loss & ALAE @12/31/15	Indicated Ultimate Loss & ALAE	
1994	264	\$742,241	\$0	1.005	\$3,693	\$742,241	\$745,934
1995	252	1,103,496	0	1.005	5,490	1,103,496	1,108,986
1996	240	836,631	0	1.005	4,162	836,631	840,793
1997	228	1,896,890	0	1.005	9,437	1,895,658	1,905,095
1998	216	1,328,631	0	1.005	6,610	1,328,630	1,335,240
1999	204	1,661,521	0	1.005	8,266	1,661,520	1,669,786
2000	192	1,592,966	0	1.005	7,925	1,580,808	1,588,733
2001	180	1,180,293	0	1.005	5,872	1,180,293	1,186,165
2002	168	1,340,826	0	1.005	6,671	1,340,826	1,347,497
2003	156	1,623,367	0	1.005	8,076	1,623,367	1,631,443
2004	144	2,494,672	0	1.021	51,311	2,437,191	2,488,502
2005	132	3,985,889	499,925	1.023	78,375	3,946,643	4,025,018
2006	120	2,905,571	0	1.026	73,630	2,829,037	2,902,667
2007	108	3,065,209	0	1.031	92,164	3,028,959	3,121,123
2008	96	3,636,700	0	1.041	143,232	3,612,992	3,756,224
2009	84	2,348,944	0	1.061	135,048	2,175,452	2,310,500
2010	72	4,081,109	0	1.076	288,257	3,960,305	4,248,562
2011	60	3,097,095	0	1.089	253,114	2,853,648	3,106,762
2012	48	2,062,085	0	1.126	230,748	2,045,879	2,276,627
2013	36	2,295,616	0	1.190	366,527	1,826,896	2,193,423
2014	24	3,893,823	750,000	1.254	636,787	2,844,279	3,481,066
2015	12	3,995,282	0	1.670	1,602,898	1,729,978	3,332,876
Total		\$51,168,857	\$1,249,925		\$4,018,293	\$46,584,729	\$50,603,022

* The A'Priori Ultimate Losses & ALAE are based on Milliman's 12/31/14 analysis.

** No additional IBNR has been included for the large claims in 2005 & 2014.

KANSAS MUNICIPAL WORKERS' COMPENSATION INSURANCE TRUST

Workers' Compensation
Net Ultimate Medical & Indemnity Loss & ALAE Indications
Paid Bornhuetter - Ferguson Projection Method
Evaluation as of 12/31/15

	(1)	(2)	(3)	(4)	(5)	(6)	
				=[(1)-(2)]x[1-1/(3)]		= (4) + (5)	
Accident Year	Months of Development	A' Priori Ultimate Losses & ALAE*	Large Loss & ALAE Adjustment	Paid Cumulative LDF	Unpaid**	Paid Loss & ALAE @12/31/15	Indicated Ultimate Loss & ALAE
1994	264	\$742,241	\$0	1.020	\$14,554	\$742,241	\$756,795
1995	252	1,103,496	0	1.021	22,697	1,103,496	1,126,193
1996	240	836,631	0	1.022	18,010	836,631	854,641
1997	228	1,896,890	0	1.023	42,648	1,895,658	1,938,306
1998	216	1,328,631	0	1.024	31,140	1,328,630	1,359,770
1999	204	1,661,521	0	1.025	40,525	1,652,961	1,693,486
2000	192	1,592,966	0	1.026	40,368	1,564,092	1,604,460
2001	180	1,180,293	0	1.027	31,030	1,180,293	1,211,323
2002	168	1,340,826	0	1.028	36,521	1,340,826	1,377,347
2003	156	1,623,367	0	1.029	45,751	1,623,367	1,669,118
2004	144	2,494,672	0	1.046	109,708	2,410,324	2,520,032
2005	132	3,985,889	499,925	1.049	162,833	3,860,932	4,023,765
2006	120	2,905,571	0	1.055	151,475	2,758,786	2,910,261
2007	108	3,065,209	0	1.068	195,163	2,909,381	3,104,544
2008	96	3,636,700	0	1.081	272,500	3,473,330	3,745,830
2009	84	2,348,944	0	1.107	227,043	2,154,269	2,381,312
2010	72	4,081,109	0	1.122	443,757	3,707,200	4,150,957
2011	60	3,097,095	0	1.153	410,976	2,509,948	2,920,924
2012	48	2,062,085	0	1.213	362,097	1,846,961	2,209,058
2013	36	2,295,616	0	1.357	603,931	1,658,532	2,262,463
2014	24	3,893,823	750,000	1.613	1,194,770	2,546,230	3,741,000
2015	12	3,995,282	0	3.207	2,749,482	1,003,505	3,752,987
Total		\$51,168,857	\$1,249,925		\$7,206,979	\$44,107,593	\$51,314,572

* The A'Priori Ultimate Losses & ALAE are based on Milliman's 12/31/14 analysis.

** No additional unpaid has been included for the large claims in 2005 & 2014. The incurred amount for these claims has been included.

KANSAS MUNICIPAL WORKERS' COMPENSATION INSURANCE TRUST

Workers' Compensation
Selection of Medical & Indemnity Net Ultimate Loss & ALAE
Evaluation as of 12/31/15

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) =Min [(6), (7)]
	Incurring Loss & ALAE @12/31/15	Ultimate Loss and ALAE Based on:				Selected Ultimate Loss & ALAE*	Aggregate Retention**	Selected Ultimate Loss & ALAE Limited to Aggregate
Accident Year		Incurring Development Method	Paid Development Method	Incurring Born-Ferg Method	Paid Born-Ferg Method			
1994	\$742,241	\$745,952	\$757,086	\$745,934	\$756,795	\$742,241	N/A	\$742,241
1995	1,103,496	1,109,013	1,126,669	1,108,986	1,126,193	1,103,496	N/A	1,103,496
1996	836,631	840,814	855,037	840,793	854,641	836,631	\$1,796,589	836,631
1997	1,895,658	1,905,136	1,939,258	1,905,095	1,938,306	1,895,658	1,543,031	1,543,031
1998	1,328,630	1,335,273	1,360,517	1,335,240	1,359,770	1,328,630	1,472,773	1,328,630
1999	1,661,520	1,669,828	1,694,285	1,669,786	1,693,486	1,661,520	1,540,262	1,540,262
2000	1,580,808	1,588,712	1,604,758	1,588,733	1,604,460	1,588,723	1,702,335	1,588,723
2001	1,180,293	1,186,194	1,212,161	1,186,165	1,211,323	1,180,293	2,045,088	1,180,293
2002	1,340,826	1,347,530	1,378,369	1,347,497	1,377,347	1,340,826	2,720,504	1,340,826
2003	1,623,367	1,631,484	1,670,445	1,631,443	1,669,118	1,623,367	3,218,926	1,623,367
2004	2,437,191	2,488,372	2,521,199	2,488,502	2,520,032	2,498,969	4,544,300	2,498,969
2005	3,946,643	4,025,918	4,025,621	4,025,018	4,023,765	4,024,900	5,602,842	4,024,900
2006	2,829,037	2,902,592	2,910,519	2,902,667	2,910,261	2,905,173	4,978,483	2,905,173
2007	3,028,959	3,122,857	3,107,219	3,121,123	3,104,544	3,116,175	4,920,798	3,116,175
2008	3,612,992	3,761,125	3,754,670	3,756,224	3,745,830	3,754,393	5,448,469	3,754,393
2009	2,175,452	2,308,155	2,384,776	2,310,500	2,381,312	2,333,322	5,503,943	2,333,322
2010	3,960,305	4,261,288	4,159,478	4,248,562	4,150,957	4,220,269	5,517,871	4,220,269
2011	2,853,648	3,107,623	2,893,970	3,106,762	2,920,924	3,045,103	5,397,530	3,045,103
2012	2,045,879	2,303,660	2,240,364	2,276,627	2,209,058	2,263,115	5,619,072	2,263,115
2013	1,826,896	2,174,006	2,250,628	2,193,423	2,262,463	2,209,964	6,047,177	2,209,964
2014	2,844,279	3,376,226	3,647,319	3,481,066	3,741,000	3,532,764	6,550,307	3,532,764
2015	1,729,978	2,889,063	3,218,241	3,332,876	3,752,987	3,542,932	6,994,827	3,542,932
Total	\$46,584,729	\$50,080,821	\$50,712,589	\$50,603,022	\$51,314,572	\$50,748,464		\$50,274,579

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

** The Aggregate Retention for 1994 and 1995 is \$2,376,391 on a combined basis.

KANSAS MUNICIPAL WORKERS' COMPENSATION INSURANCE TRUST

Workers' Compensation
Calculation of Medical & Indemnity Net Unpaid Loss & ALAE
Evaluation as of 12/31/15

	(1)	(2)	(3)	(4)	(5)	(6)
				= (2) - (3)	= (1) - (2)	= (4) + (5)
Accident Year	Net Ultimate Loss & ALAE*	Net Incurred Loss & ALAE*	Net Paid Loss & ALAE*	Net Case Reserves	Net IBNR**	Total Net Unpaid Loss & ALAE
1994	\$742,241	\$742,241	\$742,241	\$0	\$0	\$0
1995	1,103,496	1,103,496	1,103,496	0	0	0
1996	836,631	836,631	836,631	0	0	0
1997	1,543,031	1,595,411	1,595,411	0	(52,380)	(52,380)
1998	1,328,630	1,328,630	1,328,630	0	0	0
1999	1,540,262	1,549,600	1,541,041	8,559	(9,338)	(779)
2000	1,588,723	1,580,808	1,564,092	16,716	7,915	24,631
2001	1,180,293	1,180,293	1,180,293	0	0	0
2002	1,340,826	1,340,826	1,340,826	0	0	0
2003	1,623,367	1,623,367	1,623,367	0	0	0
2004	2,498,969	2,437,191	2,410,324	26,867	61,778	88,645
2005	4,024,900	3,946,643	3,860,932	85,711	78,257	163,968
2006	2,905,173	2,829,037	2,758,786	70,251	76,136	146,387
2007	3,116,175	3,028,959	2,909,381	119,578	87,216	206,794
2008	3,754,393	3,612,992	3,473,330	139,662	141,401	281,063
2009	2,333,322	2,175,452	2,154,269	21,183	157,870	179,053
2010	4,220,269	3,960,305	3,707,200	253,105	259,964	513,069
2011	3,045,103	2,853,648	2,509,948	343,700	191,455	535,155
2012	2,263,115	2,045,879	1,846,961	198,918	217,236	416,154
2013	2,209,964	1,826,896	1,658,532	168,364	383,068	551,432
2014	3,532,764	2,844,279	2,546,230	298,049	688,485	986,534
2015	3,542,932	1,729,978	1,003,505	726,473	1,812,954	2,539,427
Total	\$50,274,579	\$46,172,562	\$43,695,426	\$2,477,136	\$4,102,017	\$6,579,153

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

** For the 1997 and 1999 years, incurred and paid losses exceed the aggregate retention.

Ultimately KMIT should recover losses excess of the aggregate retention from Safety National.

KANSAS MUNICIPAL WORKERS' COMPENSATION INSURANCE TRUST

Workers' Compensation Projected 2016 Ultimate Loss & ALAE

	(1)	(2)	(3)	(4)	(5)	(6)	(7) (3)x(4)x(5)x(6)
Accident Year	Ultimate Loss & ALAE Gross of Aggregate	Payroll (\$00's)	Pure Premium	Increased Limits Factor to \$750,000*	Benefit Level Adjustment Factor	Trend Factor**	Trended Pure Premium at \$750,000 Retention
2006	\$2,905,173	\$1,399,227	\$2.08	1.000	1.052	1.10	\$2.41
2007	3,116,175	1,485,167	2.10	1.000	1.043	1.09	2.39
2008	3,754,393	1,588,854	2.36	1.000	1.020	1.08	2.60
2009	2,333,322	1,594,082	1.46	1.000	1.015	1.07	1.59
2010	4,220,269	1,606,836	2.63	1.000	1.024	1.06	2.85
2011	3,045,103	1,534,033	1.99	1.000	1.018	1.05	2.13
2012	2,263,115	1,596,327	1.42	1.000	1.013	1.04	1.50
2013	2,209,964	1,717,948	1.29	1.000	1.007	1.03	1.34
2014	3,532,764	1,987,456	1.78	1.000	0.996	1.02	1.81
2015	3,542,932	1,995,343	1.78	1.000	1.000	1.01	1.80
Total	\$30,923,210	\$16,505,273	\$1.88			Weighted Average	\$2.02
						Avg M3L5	1.70
						Avg L5	1.72
						NCCI Kansas	1.63
(8)	2016 Selected Net Pure Premium						\$1.85
(9)	2016 Projected Payroll (\$00's)						\$2,069,665
(10) = (8) x (9)	Estimated KMIT 2016 Ultimate Losses and ALAE (Prior to Aggregate Excess Insurance)						\$3,828,881
(11)	Aggregate Retention Factor for 2016						0.97
(12) = (10) x (11)	Estimated KMIT 2016 Ultimate Losses and ALAE (Limited to Aggregate Retention)						\$3,714,015
(13)	Discount Factor at 0.69%						0.984
(14) = (12) x (13)	Present Value of Estimated KMIT 2016 Ultimate Losses and ALAE (Limited to Aggregate Retention)						\$3,654,591

* Based on Kansas NCCI Filing.

** Trended at 1.0% per year.

KANSAS MUNICIPAL WORKERS' COMPENSATION INSURANCE TRUST

Workers' Compensation
Calculation of the On-Level Benefit Level Factors
For the Pure Premium Method

Date	Incremental Benefit Level Change*	Cumulative Benefit Level Change	Accident Year	Average Benefit Level	Anticipated Benefit Level Factor to 2016
07/01/93	0.889	0.889	2006	1.005	1.052
07/01/93	1.009	0.897	2007	1.013	1.043
11/01/93	0.981	0.880	2008	1.036	1.020
07/01/94	1.004	0.883	2009	1.042	1.015
07/01/95	1.004	0.887	2010	1.033	1.024
05/01/96	1.024	0.908	2011	1.039	1.018
07/01/96	1.007	0.915	2012	1.043	1.013
07/01/97	1.007	0.921	2013	1.050	1.007
09/01/97	0.985	0.907	Estimated 2014	1.061	0.996
07/01/98	1.008	0.915	Estimated 2015	1.057	1.000
07/01/99	1.008	0.922	Estimated 2016	1.057	1.000
10/01/99	1.012	0.933			
07/01/00	1.010	0.942			
07/01/00	1.008	0.950			
07/01/01	1.007	0.956			
12/01/01	1.023	0.978			
07/01/02	1.006	0.984			
07/01/03	1.004	0.988			
12/01/03	0.993	0.981			
07/01/04	1.004	0.985			
07/01/05	1.005	0.990			
12/01/05	1.012	1.002			
07/01/06	1.005	1.007			
07/01/07	1.009	1.016			
12/01/07	1.018	1.034			
07/01/08	1.004	1.039			
07/01/09	1.006	1.045			
01/01/10	0.985	1.029			
07/01/10	1.007	1.036			
01/01/11	1.006	1.042			
05/15/11	0.994	1.036			
01/01/12	1.007	1.043			
01/01/13	1.006	1.050			
01/01/14	1.010	1.060			
07/01/14	1.002	1.062			
01/01/15	0.995	1.057			

* Source: 2015 NCCI Annual Statistical Bulletin.

KANSAS MUNICIPAL WORKERS' COMPENSATION INSURANCE TRUST

Workers' Compensation

Selection of Payment Pattern Based on Selected Paid LDFs

(1)	(2)	(3)	(4)	(5)	(6)
			= 1 / (2)	= 1 / (3)	
Month of Development	1994-2003 Selected Cumulative Paid LDF*	2004-2015 Selected Cumulative Paid LDF*	1994-2003 Indicated Payment Pattern	2004-2015 Indicated Payment Pattern	Selected Payment Pattern
264	1.020	1.035	98.0%	96.6%	100.0%
252	1.021	1.036	97.9%	96.5%	100.0%
240	1.022	1.037	97.8%	96.4%	100.0%
228	1.023	1.038	97.8%	96.3%	100.0%
216	1.024	1.039	97.7%	96.2%	100.0%
204	1.025	1.040	97.6%	96.2%	100.0%
192	1.026	1.041	97.5%	96.1%	99.5%
180	1.027	1.042	97.4%	96.0%	99.0%
168	1.028	1.043	97.3%	95.9%	98.5%
156	1.029	1.044	97.2%	95.8%	98.0%
144	1.031	1.046	97.0%	95.6%	97.0%
132	1.034	1.049	96.7%	95.3%	96.0%
120	1.040	1.055	96.2%	94.8%	95.0%
108	1.052	1.068	95.1%	93.6%	94.0%
96	1.065	1.081	93.9%	92.5%	93.0%
84	1.091	1.107	91.7%	90.3%	92.0%
72	1.106	1.122	90.4%	89.1%	91.0%
60	1.137	1.153	88.0%	86.7%	90.0%
48	1.196	1.213	83.6%	82.4%	85.0%
36	1.338	1.357	74.7%	73.7%	80.0%
24	1.591	1.613	62.9%	62.0%	65.0%
12	3.163	3.207	31.6%	31.2%	35.0%

* Loss Development Factors are selected on Exhibit 4.

KANSAS MUNICIPAL WORKERS' COMPENSATION INSURANCE TRUST

Workers' Compensation Calculation of Discount Factor for 2016

(1)	(2)	(3)	(4)
Month of Development	Selected Cumulative Payment Pattern*	Incremental Payment Pattern*	Discounted Incremental Payment Pattern**
12	35.0%	35.0%	34.9%
24	65.0%	30.0%	29.7%
36	80.0%	15.0%	14.7%
48	85.0%	5.0%	4.9%
60	90.0%	5.0%	4.9%
72	91.0%	1.0%	1.0%
84	92.0%	1.0%	1.0%
96	93.0%	1.0%	1.0%
108	94.0%	1.0%	0.9%
120	95.0%	1.0%	0.9%
132	96.0%	1.0%	0.9%
144	97.0%	1.0%	0.9%
156	98.0%	1.0%	0.9%
168	98.5%	0.5%	0.5%
180	99.0%	0.5%	0.5%
192	99.5%	0.5%	0.5%
204	100.0%	0.5%	0.5%
216	100.0%	0.0%	0.0%
228	100.0%	0.0%	0.0%
240	100.0%	0.0%	0.0%
252	100.0%	0.0%	0.0%
264	100.0%	0.0%	0.0%
Total		100.0%	98.4%

* Columns (2) and (3) represent the projected payment pattern for a fund year at its inception.

** Based on a 0.69% assumed yield as provided by KMIT.

KANSAS MUNICIPAL WORKERS' COMPENSATION INSURANCE TRUST

Workers' Compensation

Projected 2016 Ultimate Loss & ALAE at Various Probability Levels

Discounted at 0.69%

Probability Level	Gross of Aggregate Retention		Limited to Aggregate Retention	
	Undiscounted	Discounted at 0.69%	Undiscounted	Discounted at 0.69%
95%	8,883,004	8,740,876	6,923,594	6,812,816
85%	6,011,343	5,915,162	5,831,004	5,737,707
75%	4,824,390	4,747,200	4,679,659	4,604,784
65%	4,058,614	3,993,676	3,936,856	3,873,866
Actuarial Central Estimate	3,828,881	3,767,619	3,714,015	3,654,591

May 25, 2016

To the Board of Trustees
Kansas Municipal Insurance Trust

We have audited the financial statements of Kansas Municipal Insurance Trust (KMITI) for the year ended December 31, 2015, and have issued our report thereon dated May 25, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 14, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by KMIT are described in Note 1 to the financial statements. We noted no transactions entered into by KMIT during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the reserve for unpaid claims is determined using case basis evaluations and statistical analyses. We evaluated the key factors and assumptions used to develop the reserve for unpaid claims in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of reserve for unpaid claims in Note 6 to the financial statements. The reserve for unpaid claims represents an estimate of the ultimate settlement of losses incurred through December 31, 2015. Management engaged an outside actuary to determine the sufficiency of the reserve for losses estimated at December 31, 2015. The reserve is estimated based on management's evaluation of the actuarial study and its own evaluation of reported claims and an estimated for claims incurred but not reported. The accuracy of these estimates cannot be determined prior to the ultimate settlement of each claim. Accordingly, the ultimate cost of settling these claims may vary significantly from the liabilities recorded.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 25, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the KMIT's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, no other accountant has been consulted.

Other Audit Findings or Issues

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with statutory basis of accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as KMIT's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of Board of Trustees and management of KMIT and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Summers, Spencer & Company, P.A.

KANSAS MUNICIPAL INSURANCE TRUST

FINANCIAL STATEMENTS-STATUTORY BASIS
WITH
SUPPLEMENTAL INFORMATION
DECEMBER 31, 2015 AND 2014
TOGETHER WITH REPORT OF INDEPENDENT AUDITORS

KANSAS MUNICIPAL INSURANCE TRUST

FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

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Independent Auditors' Report

To the Board of Trustees
Kansas Municipal Insurance Trust

We have audited the accompanying statutory financial statements of Kansas Municipal Insurance Trust, which comprise the statutory-basis balance sheets as of December 31, 2015 and 2014 and the related statutory-basis statements of revenue, expenses, and changes in fund balance, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions prescribed or permitted by the Kansas Insurance Department. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, these financial statements were prepared by Kansas Municipal Insurance Trust on the basis of the financial reporting provisions prescribed or permitted by the Kansas Insurance Department, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Kansas Insurance Department. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Kansas Municipal Insurance Trust as of December 31, 2015 and 2014, or the results of its operations or its cash flows for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred in the first paragraph present fairly, in all material respects, the admitted assets, liabilities, and fund balance of Kansas Municipal Insurance Trust as of December 31, 2015 and 2014 and the results of its operations and its cash flows for the years then ended, in accordance with the financial reporting provisions prescribed or permitted by the Kansas Insurance Department as described in Note 1.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of administrative expenses, statements of revenues, expenses and changes in fund balance and statements of revenue, expenses and changes in fund balance cumulative activity by contract period are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Summers, Spencer & Company, P.A.
Topeka, Kansas

May 25, 2016

KANSAS MUNICIPAL INSURANCE TRUST

BALANCE SHEETS – STATUTORY BASIS

December 31,	2015	2014
ASSETS		
Cash and cash equivalents	\$ 1,914,612	\$ 1,494,813
Investments	11,835,062	11,907,993
Interest income accrued	42,318	44,965
Premiums receivable	109,968	100,636
Agent commissions receivable	4,080	1,958
Excess insurance premium receivable	22,030	25,550
Specific receivable	34,311	15,994
<i>Total assets</i>	13,962,381	13,591,909
Less: non admitted assets	-	-
<i>Total admitted assets</i>	<u>\$ 13,962,381</u>	<u>\$ 13,591,909</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Reserve for unpaid workers' compensation claims	\$ 6,579,153	\$ 6,200,123
Other expenses due or accrued	46,000	45,000
Taxes, licenses and fees due or accrued	519,500	499,248
Return premiums payable	365,547	400,965
Deposits on premium	775,849	1,014,404
<i>Total liabilities</i>	8,286,049	8,159,740
Fund balance		
Fund balance	5,676,332	5,432,169
<i>Total liabilities and fund balance</i>	<u>\$ 13,962,381</u>	<u>\$ 13,591,909</u>

KANSAS MUNICIPAL INSURANCE TRUST

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

For the years ended December 31,	2015	2014
Underwriting income		
Direct premiums earned	\$ 5,260,880	\$ 5,460,509
Less: excess insurance premium	<u>459,126</u>	<u>429,976</u>
Net underwriting income	<u>4,801,754</u>	<u>5,030,533</u>
Deductions		
Workers' compensation claims incurred	3,419,127	3,200,695
Claims adjustment expenses incurred	156,996	184,071
Other administrative expenses incurred	<u>1,110,068</u>	<u>1,271,537</u>
Total underwriting deductions	<u>4,686,191</u>	<u>4,656,303</u>
Net underwriting gain	115,563	374,230
Investment income / Other income		
Interest earned	<u>128,600</u>	<u>107,601</u>
Net income	244,163	481,831
Fund balance, beginning of year	5,432,169	4,950,338
Change in non - admitted assets	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ 5,676,332</u>	<u>\$ 5,432,169</u>

KANSAS MUNICIPAL INSURANCE TRUST
STATEMENTS OF CASH FLOWS – STATUTORY BASIS

For the years ended December 31,	2015	2014
Cash flows from operating activities		
Net income	\$ 244,163	\$ 481,831
Adjustments to reconcile net income to net cash used in operating activities:		
Amortization of premiums on investments	44,111	31,309
(Increase) decrease in assets:		
Interest income accrued	2,647	(23,678)
Premium receivable	(9,332)	(15,556)
Agent commission receivable	(2,122)	2,936
Excess insurance premium receivable	3,520	(5,133)
Specific receivable	(18,317)	82,893
Increase (decrease) in liabilities:		
Reserve for unpaid workers' compensation claims	379,030	(29,221)
Other expenses due or accrued	1,000	5,700
Taxes, licenses and fees due or accrued	20,252	213,410
Return premium payable	(35,418)	(28,827)
Deposits on premiums	(238,555)	773,363
<i>Net cash provided by operating activities</i>	390,979	1,489,027
Cash flows from investing activities		
Purchase and maturities of investments:		
Purchase of U.S. Government and agency securities	(4,384,180)	(6,267,345)
Sale and maturity of U.S. Government and agency securities	4,413,000	3,240,000
<i>Net cash provided by (used in) investing activities</i>	28,820	(3,027,345)
<i>Net increase (decrease) in cash and cash equivalents</i>	419,799	(1,538,318)
Cash and cash equivalents, beginning of year	1,494,813	3,033,131
Cash and cash equivalents, end of year	<u>\$ 1,914,612</u>	<u>\$ 1,494,813</u>
Supplemental disclosure		
Cash paid during the year for:		
Income tax	<u>\$ 0</u>	<u>\$ 0</u>
Interest	<u>\$ 0</u>	<u>\$ 0</u>

The accompanying notes are an integral part of the financial statements.

KANSAS MUNICIPAL INSURANCE TRUST

NOTES TO FINANCIAL STATEMENTS

Note 1 – Description of business and ownership

Organization and nature of operations

Kansas Municipal Insurance Trust (“Trust”) is an interlocal governmental agency formed for the purpose of establishing and administering a group funded workers compensation pool (“Pool”) pursuant to the provisions of Kansas state law governing labor and industries. The Trust began operations on January 1, 1994 and provides a comprehensive workers’ compensation insurance program for members of the League of Kansas Municipalities. In addition to insurance coverage, the program provides risk management services with emphasis on loss control, claims administration, and management information services.

Each member of the Pool has jointly and severally agreed to assume, pay, and discharge all applicable liabilities under the Kansas Workers’ Compensation Act, 581, et. seq., and all lawful orders of the Commissioner of Insurance; and each member has agreed to pay any premiums, taxes, and assessments as may be required by the Board of Trustees.

Note 2 – Summary of accounting policies

Basis of accounting

The accompanying financial statements have been prepared in conformity with accounting practices prescribed or permitted by the Kansas Insurance Department and are not in conformity with generally accepted accounting principles followed by other business enterprises. The reporting requirements of regulatory authorities are designed primarily to demonstrate ability to meet claims of policyholders. Pursuant to such statutory practices:

- (1) Investments are comprised of U.S. Government securities, corporate bonds, stocks and deposits with banks and are carried in accordance with the accounting practices as prescribed by Kansas Statutes.
- (2) Premium income is recognized as earnings on a pro-rata basis over the periods covered by the policies. The related acquisition costs, such as commissions, premium taxes and other items, are charged to current operations as incurred.
- (3) Computer software, office furniture and fixtures, and accounts receivable over ninety (90) days past due, or otherwise not considered collectible, if any, are charged-off against the fund balance.
- (4) Subrogation recoverable is not recognized.
- (5) Non-admitted assets such as prepaid expenses and other assets not specifically identified as an Admitted asset within the NAIC’s Accounting Practices and Procedures Manual are excluded from The accompanying balance sheets and are charged directly to members’ equity for statutory purposes.

No determination has been made of the effect of such differences on the accompanying financial statements.

Reserves for unpaid workers compensation claims

The reserve for workers’ compensation claims is determined using case basis evaluations and statistical analyses, and represents estimates of the ultimate net cost of all losses and claims incurred through the end of the contract year.

KANSAS MUNICIPAL INSURANCE TRUST

NOTES TO FINANCIAL STATEMENTS

Excess insurance

The Trust obtained insurance coverage for workers' compensation claims in excess of \$750,000 per occurrence for the period from January 1, 2015 to January 1, 2016 and \$750,000 per occurrence for the period from January 1, 2014 to January 1, 2015. The actual amount recoverable from the excess insurer depends on the ultimate claims settlements.

Concentration Risk

The Trust's direct premiums earned consist solely of amounts from members of the Pool. These members are all located within the State of Kansas. The Trust does not require collateral.

Excess insurance losses for applicable years are contractually transferred to an excess carrier. The Trust does not require collateral from its excess carrier.

Cash and cash equivalents

The Trust considers all highly liquid investments to be cash equivalents, including deposit accounts and all certificates of deposit.

The Company has cash in excess of the \$250,000 FDIC insured limit at Commerce Bank. Cash accounts at Commerce Bank exceeded the Federal limit by \$1,425,327 at December 31, 2015 and has no agreement in place to cover these excess funds.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates that are subject to change in the near term relate to the estimates for reserves for unpaid workers' compensation claims.

Note 3 – Cash allocation

Cash is allocated between administrative and claims funds as follows:

	<u>2015</u>	<u>2014</u>
Cash-administrative	\$ 756,379	\$ 183,238
Cash-claims	<u>1,158,233</u>	<u>1,311,575</u>
Total cash and cash equivalents	<u>\$ 1,914,612</u>	<u>\$ 1,494,813</u>

KANSAS MUNICIPAL INSURANCE TRUST

NOTES TO FINANCIAL STATEMENTS

Note 4 – Investments

Investments consist of debt securities. It is the intent of the Trust to hold investments to maturity. Debt securities are carried at amortized cost which approximates fair value. The Trust follows a policy of amortizing to an early call date, if any, rather than to the maturity date.

At December 31, 2015 and 2014, fair value, gross unrealized losses and amortized cost of investments were as follows:

2015					
	Original Cost	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Investments					
Money Market Securities	\$ 6,955,000	\$ 6,955,000	\$ 683	\$ (16,182)	\$ 6,939,501
US Agency	3,411,102	3,400,801	-	(16,313)	3,384,488
Corporate bonds	1,551,302	1,479,261	-	(11,488)	1,467,773
Total	<u>\$ 11,917,404</u>	<u>\$ 11,835,062</u>	<u>\$ 683</u>	<u>\$ (43,983)</u>	<u>\$ 11,791,762</u>
2014					
	Original Cost	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Investments					
Money Market Securities	\$ 5,213,000	\$ 5,213,000	\$ -	\$ (22,763)	\$ 5,190,237
US Agency	5,190,094	5,175,000	-	(35,034)	5,139,966
Corporate bonds	1,551,302	1,519,993	-	(19,087)	1,500,906
Total	<u>\$ 11,954,396</u>	<u>\$ 11,907,993</u>	<u>\$ -</u>	<u>\$ (76,884)</u>	<u>\$ 11,831,109</u>

The following is a summary of maturities of these securities as of December 31, 2015.

Amounts maturing in:	Amortized Cost	Fair Value
Due within one year	\$ 2,735,000	\$ 2,735,207
Due from one to five years	9,100,062	9,056,555
Due from five to ten years	-	-
	<u>\$ 11,835,062</u>	<u>\$ 11,791,762</u>

Note 5 – Fair value measurements

FASB ASC 820 establishes a framework for measuring fair value, that framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, it consists of three levels:

Level 1 – Valuation is based upon quoted prices for identical instruments traded in active markets.

Level 2 – Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3 – Valuation is generated from model-based techniques that used significant assumptions not observable in the market.

KANSAS MUNICIPAL INSURANCE TRUST

NOTES TO FINANCIAL STATEMENTS

The following tables set forth, within the fair value hierarchy, the Trust assets measured at fair value on a recurring basis as of December 31, 2015 and 2014:

2015			
Fair value Measurements at Reporting Date Using:			
Description	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Money Market Securities	\$ -	\$ 6,939,501	\$ -
US Agency	3,384,488	-	-
Corporate bonds	-	1,467,773	-
Total	\$ 3,384,488	\$ 8,407,274	\$ -

2014			
Fair value Measurements at Reporting Date Using:			
Description	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Money Market Securities	\$ -	\$ 5,190,237	\$ -
US Agency	5,139,966	-	-
Corporate bonds	-	1,500,906	-
Total	\$ 5,139,966	\$ 6,691,143	\$ -

Note 6 – Reserve for unpaid workers’ compensation claims

The reserve for unpaid workers’ compensation claims represents an estimate of the ultimate settlement of losses incurred through December 31. Management engaged an outside actuary to determine the sufficiency of the reserve for losses estimate at December 31, 2015 and 2014. The reserve is estimated based on management’s evaluation of the actuarial study and its own evaluation of reported claims and an estimate for claims incurred but not reported. The accuracy of these estimates cannot be determined prior to the ultimate settlement of each claim. Accordingly, the ultimate cost of settling these claims may vary significantly from the liabilities recorded.

The components of the loss reserve at December 31, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Reported claims	\$ 2,192,769	\$ 2,546,138
Claim adjustment expenses	222,647	249,725
Reserve for incurred but not reported claims	<u>4,163,737</u>	<u>3,404,260</u>
	<u>\$ 6,579,153</u>	<u>\$ 6,200,123</u>

KANSAS MUNICIPAL INSURANCE TRUST

NOTES TO FINANCIAL STATEMENTS

Activity in the liability for unpaid claims and claim adjustment expenses is summarized as follows.

	<u>2015</u>	<u>2014</u>
Balance at January 1, gross reserves	\$ 6,386,816	\$ 6,502,836
Less reinsurance recoverables	<u>186,693</u>	<u>273,492</u>
Net balance at beginning of period	<u>6,200,123</u>	<u>6,229,344</u>
Incurred related to:		
Current year	3,542,932	3,893,823
Prior years	<u>33,191</u>	<u>(509,057)</u>
Total incurred	<u>3,576,123</u>	<u>3,384,766</u>
Paid related to:		
Current year	1,003,505	1,390,345
Prior years	<u>2,193,588</u>	<u>2,023,642</u>
Total paid	<u>3,197,093</u>	<u>3,413,987</u>
Net balance at December 31	6,579,153	6,200,123
Plus reinsurance recoverables	<u>460,944</u>	<u>186,693</u>
Balance at December 31, gross reserves	<u>\$ 7,040,097</u>	<u>\$ 6,386,816</u>

Note 7 – Taxes, licenses and fees, due and accrued

The Division of Workers' Compensation fee and the Second Injury Fund assessment are based on certain percentages of losses. The percentages are established by the Director of Workers' Compensation and the Kansas Insurance Department, respectively. The percentages applicable to the year ended December 31, 2015 have not been released, so the fees and assessments included in the financial statements have been estimated using the prior year percentages. Since fees and assessments are based on losses, the ultimate amounts payable will depend on the ultimate claim settlements, as well as on the final percentages established. Accordingly, the actual amounts payable may vary significantly from the estimated amounts included in the financial statements.

Note 8 – Deposits on premiums

Deposits on premium of \$775,849 and \$1,014,404 represent premiums for the 2016 and 2015 contract years collected prior to December 31, 2015 and 2014, respectively.

KANSAS MUNICIPAL INSURANCE TRUST

NOTES TO FINANCIAL STATEMENTS

Note 9 – Related party transactions

The Trust is sponsored by the League of Kansas Municipalities and employed the League of Kansas Municipalities for endorsement purposes during 2015 and 2014. During the years ended December 31, 2015 and 2014, the Trust incurred expenses of \$70,000 each year for these services.

All fees are based on contract provisions or agreement of the Board of Trustees.

Note 10 – Commitments and Contingencies

The Trust, in common with other group funded workers compensation pools, is continually engaged in defending insurance claim proceedings as a normal part of the Trust's business.

Note 11 – Subsequent events

Management has evaluated subsequent events through May 25, 2016, the date on which the financial statements were available to be issued, and determined that there have been no subsequent events that would require recognition in, or disclosure in the notes to, the financial statements.

SUPPLEMENTAL INFORMATION

KANSAS MUNICIPAL INSURANCE TRUST
SCHEDULE OF ADMINISTRATIVE EXPENSES

<u>For the years ended December 31,</u>	<u>2015</u>	<u>2014</u>
Insurance Department fees and taxes	\$ 190,117	\$ 384,143
Risk and claim management fees	530,000	505,000
League of Kansas Municipalities fees	70,000	70,000
Administrator fees	98,560	81,900
Independent agent commissions	97,527	97,169
NCCI fees	754	10,887
Professional services	48,550	51,360
Other expenses	<u>74,560</u>	<u>71,078</u>
	<u>\$ 1,110,068</u>	<u>\$ 1,271,537</u>

KANSAS MUNICIPAL INSURANCE TRUST
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
STATUTORY BASIS-YEAR ENDED DECEMBER 31, 2015
ACTIVITY BY CONTRACT PERIOD

For the years ended December 31,	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Underwriting income:											
Direct premiums earned	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less: excess insurance premium	-	-	-	-	-	-	-	-	-	-	-
Net underwriting income	-	-	-	-	-	-	-	-	-	-	-
Deductions:											
Workers' compensation claims incurred	-	-	-	-	-	-	21	-	-	-	(1,000)
Claims adjustment expenses incurred	-	-	-	-	-	-	33	-	-	-	2,346
Other administrative expenses incurred	-	-	-	196	5,454	378	(297)	-	-	-	13
Total underwriting deductions	-	-	-	196	5,454	378	(243)	-	-	-	1,359
Net underwriting gain (loss)	-	-	-	(196)	(5,454)	(378)	243	-	-	-	(1,359)
Investment income / Other income											
Interest earned (net)	-	-	-	-	-	-	-	-	-	-	-
Net income (loss)	-	-	-	(196)	(5,454)	(378)	243	-	-	-	(1,359)
Fund balance, beginning of period	74,487	46,579	495,282	(288,560)	(395,136)	(425,544)	(311,607)	322,871	606,319	687,285	(140,090)
Fund balance, end of period	<u>\$ 74,487</u>	<u>\$ 46,579</u>	<u>\$ 495,282</u>	<u>\$ (288,756)</u>	<u>\$ (400,590)</u>	<u>\$ (425,922)</u>	<u>\$ (311,364)</u>	<u>\$ 322,871</u>	<u>\$ 606,319</u>	<u>\$ 687,285</u>	<u>\$ (141,449)</u>

KANSAS MUNICIPAL INSURANCE TRUST
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
STATUTORY BASIS-YEAR ENDED DECEMBER 31, 2015
ACTIVITY BY CONTRACT PERIOD

For the years ended December 31,	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
Underwriting income:												
Direct premiums earned	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (164)	\$ 5,261,044	\$ 5,260,880
Less: excess insurance premium	-	-	-	-	-	-	-	-	-	2,774	456,352	459,126
Net underwriting income	-	-	-	-	-	-	-	-	-	(2,938)	4,804,692	4,801,754
Deductions:												
Workers' compensation claims incurred	38,861	(398)	45,966	116,084	(12,515)	135,377	(57,512)	167,231	(102,496)	(365,610)	3,455,118	3,419,127
Claims adjustment expenses incurred	150	-	5,000	1,609	(3,107)	3,783	5,520	33,799	16,844	3,206	87,814	156,996
Other administrative expenses incurred	1,102	(142)	1,303	5,485	(1,115)	4,562	(8,291)	6,251	(13,870)	(24,071)	1,133,110	1,110,068
Total underwriting deductions	40,113	(540)	52,269	123,178	(16,737)	143,722	(60,283)	207,281	(99,522)	(386,476)	4,676,042	4,686,191
Net underwriting gain (loss)	(40,113)	540	(52,269)	(123,178)	16,737	(143,722)	60,283	(207,281)	99,522	383,538	128,650	115,563
Investment income / Other income												
Interest earned (net)	-	-	-	-	-	-	-	-	-	-	128,600	128,600
Net income (loss)	(40,113)	540	(52,269)	(123,178)	16,737	(143,722)	60,283	(207,281)	99,522	383,538	257,249	244,163
Fund balance, beginning of period	(1,242,443)	307,885	810,160	765,103	1,624,739	(193,269)	131,414	1,226,457	1,211,646	118,592	-	5,432,169
Fund balance, end of period	<u>\$ (1,282,556)</u>	<u>\$ 308,425</u>	<u>\$ 757,891</u>	<u>\$ 641,925</u>	<u>\$ 1,641,476</u>	<u>\$ (336,991)</u>	<u>\$ 191,697</u>	<u>\$ 1,019,176</u>	<u>\$ 1,311,168</u>	<u>\$ 502,130</u>	<u>\$ 257,249</u>	5,676,332
Non admitted assets												-
Current fund balance after non admitted assets												<u>\$ 5,676,332</u>

KANSAS MUNICIPAL INSURANCE TRUST
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
STATUTORY BASIS-CUMULATIVE ACTIVITY BY CONTRACT PERIOD

For the years ended December 31,	Year Ended 12/31/1994	Year Ended 12/31/1995	Year Ended 12/31/1996	Year Ended 12/31/1997	Year Ended 12/31/1998	Year Ended 12/31/1999	Year Ended 12/31/2000	Year Ended 12/31/2001	Year Ended 12/31/2002	Year Ended 12/31/2003	Year Ended 12/31/2004
Underwriting income:											
Direct premiums earned	\$ 1,457,582	\$ 1,850,501	\$ 1,843,047	\$ 1,754,515	\$ 1,377,722	\$ 1,552,113	\$ 1,689,773	\$ 1,965,656	\$ 2,616,642	\$ 3,274,488	\$ 3,256,648
Excess insurance premium	151,393	210,142	133,376	117,122	79,456	80,124	86,819	127,168	189,458	366,991	221,435
Net underwriting income	1,306,189	1,640,359	1,709,671	1,637,393	1,298,266	1,471,989	1,602,954	1,838,488	2,427,184	2,907,497	3,035,213
Deductions:											
Workers' compensation claims incurred	716,699	1,049,151	790,126	1,451,640	1,244,536	1,393,559	1,469,306	1,097,086	1,211,717	1,474,073	2,342,994
Claims adjustment expenses incurred	25,541	54,345	46,505	91,393	84,096	146,703	123,714	83,208	129,109	149,296	153,024
Other administrative expenses incurred	477,137	598,509	492,670	525,820	486,414	454,531	450,911	437,017	533,042	649,335	739,713
Total underwriting deductions	1,219,377	1,702,005	1,329,301	2,068,853	1,815,046	1,994,793	2,043,931	1,617,311	1,873,868	2,272,704	3,235,730
Net underwriting gain (loss)	86,812	(61,646)	380,370	(431,460)	(516,780)	(522,804)	(440,977)	221,177	553,316	634,793	(200,517)
Investment income / Other income											
Interest earned (net)	22,675	73,225	114,912	142,705	116,190	96,882	129,613	101,694	50,668	52,492	59,068
Other income	-	-	-	-	-	-	-	-	2,335	-	-
Net income (loss)	109,487	11,579	495,282	(288,756)	(400,590)	(425,922)	(311,364)	322,871	606,319	687,285	(141,449)
Fund balance, beginning of period	-	-	-	-	-	-	-	-	-	-	-
Transfer of fund balance	(35,000)	35,000	-	-	-	-	-	-	-	-	-
Fund balance end of period	\$ 74,487	\$ 46,579	\$ 495,282	\$ (288,756)	\$ (400,590)	\$ (425,922)	\$ (311,364)	\$ 322,871	\$ 606,319	\$ 687,285	\$ (141,449)

KANSAS MUNICIPAL INSURANCE TRUST
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
STATUTORY BASIS-CUMULATIVE ACTIVITY BY CONTRACT PERIOD

For the years ended December 31,	Year Ended 12/31/2005	Year Ended 12/31/2006	Year Ended 12/31/2007	Year Ended 12/31/2008	Year Ended 12/31/2009	Year Ended 12/31/2010	Year Ended 12/31/2011	Year Ended 12/31/2012	Year Ended 12/31/2013	Year Ended 12/31/2014	Year Ended 12/31/2015	Total
Underwriting income:												
Direct premiums earned	\$ 3,837,793	\$ 4,272,140	\$ 4,950,174	\$ 5,519,169	\$ 5,193,412	\$ 5,213,781	\$ 4,442,326	\$ 4,484,533	\$ 4,853,835	\$ 5,460,345	\$ 5,261,044	\$ 76,127,239
Excess insurance premium	374,472	384,425	420,728	372,790	341,935	351,375	336,966	337,595	395,128	432,750	456,352	5,968,000
Net underwriting income	3,463,321	3,887,715	4,529,446	5,146,379	4,851,477	4,862,406	4,105,360	4,146,938	4,458,707	5,027,595	4,804,692	70,159,239
Deductions:												
Workers' compensation claims incurred	3,780,072	2,714,764	2,913,648	3,513,540	2,201,595	4,027,591	2,896,673	2,097,655	2,080,803	3,415,336	3,455,118	47,337,681
Claims adjustment expenses incurred	244,828	190,409	202,527	240,852	131,726	192,678	148,430	165,460	129,161	116,082	87,814	2,936,901
Other administrative expenses incurred	816,651	909,103	918,404	995,865	958,281	1,031,899	941,486	934,751	1,009,435	1,101,648	1,133,110	16,595,730
Total underwriting deductions	4,841,551	3,814,276	4,034,579	4,750,257	3,291,602	5,252,168	3,986,588	3,197,866	3,219,399	4,633,066	4,676,042	66,870,312
Net underwriting gain (loss)	(1,378,230)	73,439	494,867	396,122	1,559,875	(389,762)	118,772	949,072	1,239,308	394,529	128,650	3,288,927
Investment income / Other income												
Interest earned (net)	95,674	234,986	263,024	245,802	81,601	52,768	72,925	70,104	71,861	107,601	128,600	2,385,069
Other income	-	-	-	-	-	-	-	-	-	-	-	2,335
Net income (loss)	(1,282,556)	308,425	757,891	641,925	1,641,476	(336,991)	191,697	1,019,176	1,311,168	502,130	257,249	5,676,332
Fund balance, beginning of period	-	-	-	-	-	-	-	-	-	-	-	-
Transfer of fund balance	-	-	-	-	-	-	-	-	-	-	-	-
Fund balance end of period	\$ (1,282,556)	\$ 308,425	\$ 757,891	\$ 641,925	\$ 1,641,476	\$ (336,991)	\$ 191,697	\$ 1,019,176	\$ 1,311,168	\$ 502,130	\$ 257,249	5,676,332
Non admitted assets												-
Current fund balance after non admitted assets												\$ 5,676,332

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (Memorandum) is made and entered into as of the ____ day of _____, 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.
- 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 8th 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”

“LKM”

Kansas Municipal Insurance Trust

League of Kansas Municipalities

By: Larry Paine 4/30/12

By: _____

Larry Paine, President
Kansas Municipal Insurance Trust

Don Moler
Executive Director

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; (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.
- 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 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.

g

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.



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)



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.

NOTICE OF NON-RENEWAL

The City of Waterville is hereby given official notice that the **Workers Compensation Insurance coverage** provided to the City through its membership in the Kansas Municipal Insurance Trust (KMIT) **will not be renewed** when the current coverage-year ends at 11:59 PM on December 31, 2016.

The City has not demonstrated adequate improvement in its safety program during its two years (beginning April 1, 2014) in the KMIT pool. This despite the fact that the City joined KMIT after having been cancelled by its former carrier, for poor performance, and the City's assurance to KMIT that it would take the measures needed to improve and emphasize its safety program, and, thus, its performance.

KMIT staff have met with the City on several occasions, to provide guidance, encouragement, expertise and assistance, but the City continues to fail to give sufficient effort toward needed and necessary progress in its own safety planning and activities.

The KMIT pool expects its members to work towards improvement in safety and in their overall work comp program; and, that is especially true for those cities which join KMIT with a poor work comp performance history.

KMIT strongly advises the City of Waterville to **immediately seek the assistance** of a Kansas-licensed insurance agent/broker in placing the City with a private insurance company doing work comp business in Kansas, as it will likely be difficult to find a private-market carrier for this coverage.

Formal action taken by the KMIT Board of Trustees on April 29, 2016



Don Osenbaugh

KMIT Pool Administrator

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (Memorandum) is made and entered into as of the ____ day of _____, 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.
- 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 8th 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”

“LKM”

Kansas Municipal Insurance Trust

League of Kansas Municipalities

By: Larry Paine 4/30/12

By: _____

Larry Paine, President
Kansas Municipal Insurance Trust

Don Moler
Executive Director

Don Osenbaugh

From: Mike O'Neal [mikeo@kansaschamber.org]
Sent: Monday, May 23, 2016 11:37 AM
To: patrick@kansasrealtor.com; Brent Sonnier; Cindy Luxem; Dan Osenbaugh; Don McNeely; Dorothy Pope; Doug Hamilton; Doug Irmen; Ed Reasoner; Jim Parrish; JMcWilliams@KHA-net.org; Kathy Taylor; Kevin McFarland; Lance Cowell; Luke Bell; Matt Wiltanger; Mike Waters; Ray Merz; Sarah Hooke; Tina Cox; Tom Steele
Cc: Jerry Green; Marsha J. Schrag; Mike O'Neal
Subject: Recent developments
Attachments: HB 2660 (KSA 75-3036 amendments).pdf

Fee Sweep case participants

We finally have some movement to report on our case. In late March I sent a formal settlement offer to the State's attorneys while waiting for the Court to set our pending motions for hearing. I indicated we would be willing to settle the case on the basis of an agreed order based on agreed findings of fact and conclusions of law that the sweeps were unconstitutional, together with a permanent restraining order. In addition, I said we would agree to accept return to the Department of Insurance, for refund to entities who paid in to the Workers Compensation Fee Fund during the time of the subject sweeps and related assessments, the amount of \$2.355M and the sum of \$100,000 assessed as attorney fees. We would waive repayment of the sums swept from the Bank Commissioner Fee Fund and Real Estate Fee Fund. Further, we would waive our claim for pre-judgment interest. We would be willing to have the sums due based on the Workers Compensation Fee fund sweep to be repaid in FY '17, given the fact that we are approaching the end of FY '16. Finally, I said we would keep the offer open. If, however, the State pursues another motion to dismiss on procedural grounds, in lieu of an answer, this offer would be deemed withdrawn and would not be renewed, at least not on these terms.

I didn't hear back from State's counsel for over a month, during which time we continued to ask the court for a setting. Last Friday we finally got the court to set the case for another status conference and hearing on our pending motions for June 16 at 3:00 p.m. That same day we got a response to our settlement offer.

State's counsel say they have been authorized to propose the following settlement: payment in the amount of \$2.355 million into the Workers Compensation Fee Fund. In addition, they would be willing to pay up to \$100,000 in attorney fees and costs. We would waive repayment of the sums swept from the Bank Commissioner Fee Fund and Real Estate Fee Fund. We would agree to waive any claim for prejudgment interest. Given the approach to the end of FY16 and the beginning of FY17, with the state of the budget as passed and the current timing of this proposal, the State would be willing to pay these amounts in FY18. As a part of this counteroffer the State would not agree to any language that the sweeps were unconstitutional, nor would they agree to a restraining order. The State would not admit any wrongdoing under such a settlement.

We now need to get your input on the counteroffer. We can certainly do this by e-mail or I'm happy to schedule a meeting to discuss the counteroffer. To be honest, I'm pleasantly surprised by the counteroffer. The monetary remedy is considerably more than I had contemplated. At best, I thought they might counter with an offer to pay some attorney fees and prejudgment interest. Return of the funds on the real estate and banking sweeps was always in doubt. Restoration of your attorneys' fees paid is a plus. The WC funds would see return on their double assessment from the original sweep. What we need to evaluate is whether the outcome, which would fall short of a full and final adjudication of the merits of the claimed unconstitutional sweeps, is tantamount to a victory going forward, i.e., would it serve to prevent or deter future sweeps. In this regard, we have 3 things going for us. Of interest is the fact the State has not sought to make the terms of the settlement confidential in any way. We would insist that the terms remain unsealed. With the public and media interest in the case any settlement should be widely publicized. Second, the interlocutory Supreme Court decision we obtained is a decision of record and all but decides the issue. And, while not a final decision, it's pretty definitive and cites the provisions of KSA 75-3036, which is intended to protect such fees from being swept and suggests a remedy. We came close to being able to beef that statute up this past session. HB 2660 passed the House

but was not worked in the Senate. (See attached) HB 2660 would have removed the exception in line 16, beefed up the "thou shall not" language, and set up a notice provision for all fee agencies. I anticipate we can get it passed next session. So, a publicized settlement, favorable Supreme Court decision and existing statute should go a long way toward deterring future sweeps. Nevertheless, we have taken the position up to this point that future deterrence was more important than restoration of funds so I need your candid thoughts and direction.

I have not spoken to the Kansas Insurance Department yet, but will this week and I assume they will be willing to confirm that upon receipt of funds they will agree to refund the assessment to those who paid the second 1% assessment or at least set up an assessment credit. It terms of the timing of the distribution of funds, I'd suggest that if we decide to go this direction that we propose they be paid July 1, 2017 (first day of FY '18) and that the payment of attorney fees occur within 30 days of settlement. There should be no need to wait on that disbursement.

Any monetary settlement will have to go before the State Finance Council so we would make dismissal of our suit conditioned on approval by the SFC. Another advantage of settlement is that were we to obtain an eventual judgment in the court case it might have to go before the Joint Claims Committee where it may or may not be approved. My experience with the State Finance Council is that they virtually always approve settlements recommended by the Attorney General's Office. In the 4 years I served on the Council I don't recall that we turned down a proposed settlement. The Governor serves on the SFC so once approved, the settlement would be included in the Governor's FY '18 budget document.

Let me know if you have questions and let me know whether you wish to have a meeting or have us schedule a conference call. Whatever we decide will need to take the form of a counteroffer. Our next court date is June 16 so we have some time before we need to reply.

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