



KANSAS MUNICIPAL INSURANCE TRUST

**ACTUARIAL ANALYSIS OF
FUNDING AND UNPAID CLAIM LIABILITIES
AS OF DECEMBER 31, 2013**

Prepared for:

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TABLE OF CONTENTS

<i>Section</i>	<i>Page</i>
INTRODUCTION.....	1
LIMITED DISTRIBUTION OF RESULTS	3
SUMMARY OF RESULTS.....	4
GENERAL APPROACH	7
FUNDING ANALYSIS.....	10
QUALIFICATIONS AND LIMITATIONS.....	12
EXHIBITS 1 THROUGH 14	

KANSAS MUNICIPAL INSURANCE TRUST

ACTUARIAL ANALYSIS OF FUNDING AND UNPAID CLAIM LIABILITIES AS OF DECEMBER 31, 2013

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, 2013;
- Provide funding estimates for 2014; 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, 2013 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, 2012.

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.

Peter G. Wick and Mindy M. Steichen are Fellows of the Casualty Actuarial Society and Members of the American Academy of Actuaries (AAA) and meet 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 \$1.1 million since our last analysis.

KMIT NET ULTIMATE LOSS & ALAE LIMITED TO AGGREGATE RETENTIONS			
Accident Year	Selected @ 12/31/13	Selected @ 12/31/12	Difference
1994	\$742,241	\$742,241	\$0
1995	1,103,496	1,103,118	378
1996	836,631	836,631	0
1997	1,543,031	1,543,031	0
1998	1,328,631	1,328,631	0
1999	1,540,262	1,540,262	0
2000	1,590,103	1,586,825	3,278
2001	1,180,293	1,180,293	0
2002	1,340,826	1,340,826	0
2003	1,656,261	1,657,445	(1,184)
2004	2,491,091	2,391,880	99,211
2005	3,976,732	3,935,404	41,328
2006	2,928,462	2,851,551	76,911
2007	2,979,305	2,925,565	53,740
2008	3,671,271	3,598,190	73,081
2009	2,385,502	2,306,690	78,812
2010	4,014,291	3,999,039	15,252
2011	2,714,658	2,869,484	(154,826)
2012	2,214,285	3,033,602	(819,317)
2013	3,076,319	3,604,808	(528,489)
Total	\$43,313,691	\$44,375,516	\$(1,061,825)

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, 2013:

KMIT NET UNPAID CLAIM LIABILITIES AS OF DECEMBER 31, 2013			
Accident Year	Case Reserves	IBNR*	Total Unpaid
1994	\$0	\$0	\$0
1995	0	0	0
1996	0	0	0
1997	61,018	(61,919)	(901)
1998	0	0	0
1999	6,391	(7,208)	(817)
2000	26,512	9,832	36,344
2001	0	0	0
2002	0	0	0
2003	12,084	20,810	32,894
2004	48,852	61,494	110,346
2005	131,204	83,399	214,603
2006	90,277	98,842	189,119
2007	206,681	108,643	315,324
2008	232,397	195,955	428,352
2009	123,608	161,955	285,563
2010	215,883	389,643	605,526
2011	567,401	238,824	806,225
2012	280,817	527,848	808,665
2013	824,944	1,572,928	2,397,872
Total	\$2,828,069	\$3,401,046	\$6,229,115

* 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 that are intended to respond to various drivers of ultimate claim liabilities.

Our actuarial central estimate of KMIT's ultimate loss for the January 1, 2014 to December 31, 2014 fund year is \$3.91 million on an undiscounted basis and \$3.85 million discounted at a yield rate of 0.69%. The following table displays our estimated funding amounts at various probability levels:

KMIT 2014 FUND YEAR LIMITED TO \$750,000 PER OCCURRENCE AND \$6.9M AGGREGATE RETENTION		
Probability Level	Undiscounted	Discounted @ 0.69%
95%	\$6,926,841	\$6,822,938
85%	6,143,528	6,051,375
75%	4,930,475	4,856,517
65%	4,147,860	4,085,642
Actuarial Central Estimate	3,913,075	3,854,379

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, 2013 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, 2013.

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 2013 were based on our December 31, 2012 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, 2013.

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, 2013 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, 2013.

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 \$291,940 and \$104,142, respectively. Additional recoveries are expected.

FUNDING ANALYSIS

Exhibit 10 derives our projection of KMIT's ultimate losses for accident year 2014. 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 2013. These pure premiums were adjusted for:

- Changes in the self-insured retention;
- Changes in benefit levels (Exhibit 11); and
- Trends in average claim costs (1.5% per year).

The selected 2014 pure premium (row 8) was multiplied by the projected 2014 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 insurance recoverables. We have not made any provisions for uncollectible excess 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,

A handwritten signature in blue ink that reads "Peter G. Wick".

Peter G. Wick, FCAS, MAAA
Principal and Consulting Actuary

A handwritten signature in black ink that reads "Mindy M. Steichen".

Mindy M. Steichen, FCAS, MAAA
Consulting Actuary

PGW/MMS/sbs

cc: Deanna Furman
Debbie James

March 31, 2014

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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	5,388,562	3,000,000
1/01/13-12/31/13	750,000	6,091,073	3,000,000
1/01/14-12/31/14	\$750,000	\$6,926,841	\$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	
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
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	1,103,118	1,103,118	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	
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				
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	
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						
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							
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								
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										
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											
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												
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													
2007	1,674,625	2,331,829	2,439,995	2,589,099	2,764,193	2,795,735	2,870,662														
2008	2,436,655	3,008,881	3,206,923	3,312,358	3,392,219	3,475,316															
2009	1,394,062	2,103,767	2,053,555	2,131,483	2,223,547																
2010	2,362,300	3,183,354	3,678,422	3,624,648																	
2011	2,198,429	2,404,188	2,475,834																		
2012	1,359,817	1,686,437																			
2013	1,503,391																				

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 - 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	
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	
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	
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					
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						
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							
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								
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									
2002	1.400	0.924	0.984	1.000	0.998	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											
2004	1.596	1.034	1.086	1.011	0.998	0.985	0.999	1.010	1.045												
2005	1.453	1.035	1.025	1.046	1.001	1.044	1.021	1.013													
2006	1.517	1.006	1.040	1.000	1.031	1.015	1.032														
2007	1.392	1.046	1.061	1.068	1.011	1.027															
2008	1.235	1.066	1.033	1.024	1.024																
2009	1.509	0.976	1.038	1.043																	
2010	1.348	1.156	0.985																		
2011	1.094	1.030																			
2012	1.240																				
NCCI Kansas	1.236	1.043	1.020	1.012	1.010	1.012	1.022	1.062	<-- 96 - Ult												
NCCI Countrywide	1.326	1.092	1.047	1.025	1.019	1.012	1.010	1.080	<-- 96 - Ult												
Average	1.401	1.058	1.029	1.019	1.008	1.014	1.013	1.008	1.004	1.008	1.003	1.002	1.001	1.000	1.001	1.009	1.000	1.000	1.000	1.000	
Average x H/L	1.385	1.059	1.025	1.017	1.007	1.014	1.010	1.005	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
Wtd Average	1.367	1.054	1.027	1.023	1.010	1.017	1.015	1.009	1.007	1.008	1.004	1.003	1.001	1.000	1.001	1.014	1.000	1.000	1.000	1.000	
Select for 94-03*	1.367	1.054	1.027	1.023	1.010	1.017	1.015	1.009	1.005	1.003	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
94-03 Cumulative	1.620	1.185	1.124	1.094	1.069	1.058	1.040	1.025	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
Select for 04-13**	1.367	1.054	1.027	1.023	1.010	1.017	1.015	1.009	1.005	1.003	1.002	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
04-13 Cumulative	1.643	1.202	1.140	1.110	1.085	1.074	1.056	1.040	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

* 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 12/31/13**

Accident Year	Months of Development	(1)	(2)	(3)	(4)
		Incurred Loss & ALAE @12/31/13	Incurred Large Loss & ALAE Adjustment	Cumulative Incurred LDF*	= [(1)-(2)]x(3)+(2) Indicated Ultimate Loss & ALAE**
1994	240	\$742,241	\$0	1.005	\$745,952
1995	228	1,103,496	0	1.005	1,109,013
1996	216	836,631	0	1.005	840,814
1997	204	1,896,890	0	1.005	1,906,374
1998	192	1,328,631	0	1.005	1,335,274
1999	180	1,651,612	0	1.005	1,659,870
2000	168	1,580,271	0	1.005	1,588,172
2001	156	1,180,293	0	1.005	1,186,194
2002	144	1,340,826	0	1.006	1,348,871
2003	132	1,635,451	0	1.008	1,648,535
2004	120	2,429,597	0	1.026	2,492,767
2005	108	3,893,333	500,000	1.031	3,998,526
2006	96	2,829,620	0	1.040	2,942,805
2007	84	2,870,662	0	1.056	3,031,419
2008	72	3,475,316	0	1.074	3,732,489
2009	60	2,223,547	0	1.085	2,412,548
2010	48	3,624,648	0	1.110	4,023,359
2011	36	2,475,834	0	1.140	2,822,451
2012	24	1,686,437	0	1.202	2,027,097
2013	12	1,503,391	0	1.643	2,470,071
Total		\$40,308,727	\$500,000		\$43,322,601

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

** The 2005 claim that exceeded the SIR was 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	
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
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	1,103,118	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				
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						
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							
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							
2002	659,579	1,130,950	1,324,566	1,340,467	1,340,825	1,340,825	1,340,825	1,340,825	1,340,826	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									
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											
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												
2006	874,076	1,920,917	2,220,653	2,387,480	2,526,291	2,625,597	2,641,385	2,739,343													
2007	787,012	1,984,011	2,279,729	2,351,320	2,526,347	2,619,834	2,663,981														
2008	1,191,790	2,489,314	2,865,128	3,060,081	3,201,123	3,242,919															
2009	730,841	1,582,734	1,831,733	1,946,136	2,099,939																
2010	1,125,821	2,295,412	3,059,724	3,408,765																	
2011	923,653	1,662,070	1,908,433																		
2012	794,945	1,405,620																			
2013	678,447																				

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 - 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					
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						
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							
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								
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									
2002	1.715	1.171	1.012	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											
2004	1.985	1.250	1.076	1.070	1.014	1.006	1.001	1.004	1.032												
2005	2.090	1.145	1.071	1.068	1.030	1.044	1.032	1.007													
2006	2.198	1.156	1.075	1.058	1.039	1.006	1.037														
2007	2.521	1.149	1.031	1.074	1.037	1.017															
2008	2.089	1.151	1.068	1.046	1.013																
2009	2.166	1.157	1.062	1.079																	
2010	2.039	1.333	1.114																		
2011	1.799	1.148																			
2012	1.768																				
NCCI Kansas	2.122	1.242	1.098	1.046	1.029	1.019	1.016	1.111	<-- 96 - Ult												
NCCI Countrywide	2.139	1.267	1.122	1.068	1.043	1.030	1.022	1.200	<-- 96 - Ult												
Average	2.014	1.207	1.074	1.047	1.014	1.012	1.015	1.008	1.009	1.005	1.007	1.001	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000
Average x H/L	2.013	1.208	1.072	1.048	1.014	1.009	1.011	1.005	1.007	1.001	1.000	1.000	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Wtd Average	1.994	1.196	1.071	1.051	1.018	1.015	1.018	1.008	1.012	1.006	1.008	1.002	1.001	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000
Select for 94-03*	1.994	1.196	1.071	1.051	1.018	1.015	1.018	1.008	1.005	1.003	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001
94-03 Cumulative	2.953	1.481	1.238	1.156	1.100	1.081	1.065	1.046	1.038	1.033	1.030	1.028	1.027	1.026	1.025	1.024	1.023	1.022	1.021	1.021	1.020
Select for 04-13**	1.994	1.196	1.071	1.051	1.018	1.015	1.018	1.008	1.005	1.003	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001
04-13 Cumulative	2.995	1.502	1.256	1.173	1.116	1.096	1.080	1.061	1.053	1.048	1.045	1.043	1.042	1.041	1.040	1.039	1.038	1.037	1.036	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 12/31/13**

Accident Year	Months of Development	(1)	(2)	(3)	(4)	(5)
		Paid Loss & ALAE @ 12/31/13	Paid Large Loss & ALAE Adjustment	Incurred Large Loss & ALAE Adjustment	Cumulative Paid LDF*	= [(1)-(2)]x(4)+(3) Indicated Ultimate Loss & ALAE**
1994	240	\$742,241	\$0	\$0	1.020	\$757,086
1995	228	1,103,496	0	0	1.021	1,126,669
1996	216	836,631	0	0	1.022	855,037
1997	204	1,835,872	0	0	1.023	1,878,097
1998	192	1,328,631	0	0	1.024	1,360,518
1999	180	1,645,221	0	0	1.025	1,686,352
2000	168	1,553,759	0	0	1.026	1,594,157
2001	156	1,180,293	0	0	1.027	1,212,161
2002	144	1,340,826	0	0	1.028	1,378,369
2003	132	1,623,367	0	0	1.030	1,672,068
2004	120	2,380,745	0	0	1.048	2,495,021
2005	108	3,762,129	499,925	500,000	1.053	3,935,101
2006	96	2,739,343	0	0	1.061	2,906,443
2007	84	2,663,981	0	0	1.080	2,877,099
2008	72	3,242,919	0	0	1.096	3,554,239
2009	60	2,099,939	0	0	1.116	2,343,532
2010	48	3,408,765	0	0	1.173	3,998,481
2011	36	1,908,433	0	0	1.256	2,396,992
2012	24	1,405,620	0	0	1.502	2,111,241
2013	12	678,447	0	0	2.995	2,031,949
Total		\$37,480,658	\$499,925	\$500,000		\$42,170,612

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

** The 2005 claim that exceeded the SIR was 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 12/31/13**

Accident Year	Months of Development	(1)	(2)	(3)	(4)	(5)	(6)
		A' Priori Ultimate Losses & ALAE*	Large Loss & ALAE Adjustment	Incurred Cumulative LDF	=[(1)-(2)]x[1-1/(3)] IBNR**	Incurred Loss & ALAE @12/31/13	= (4) + (5) Indicated Ultimate Loss & ALAE
1994	240	\$742,241	\$0	1.005	\$3,693	\$742,241	\$745,934
1995	228	1,103,118	0	1.005	5,488	1,103,496	1,108,984
1996	216	836,631	0	1.005	4,162	836,631	840,793
1997	204	1,833,890	0	1.005	9,124	1,896,890	1,906,014
1998	192	1,328,631	0	1.005	6,610	1,328,631	1,335,241
1999	180	1,651,612	0	1.005	8,217	1,651,612	1,659,829
2000	168	1,586,825	0	1.005	7,895	1,580,271	1,588,166
2001	156	1,180,293	0	1.005	5,872	1,180,293	1,186,165
2002	144	1,340,826	0	1.006	7,997	1,340,826	1,348,823
2003	132	1,657,445	0	1.008	13,154	1,635,451	1,648,605
2004	120	2,391,880	0	1.026	60,613	2,429,597	2,490,210
2005	108	3,935,404	500,000	1.031	103,295	3,893,333	3,996,628
2006	96	2,851,551	0	1.040	109,675	2,829,620	2,939,295
2007	84	2,925,565	0	1.056	155,144	2,870,662	3,025,806
2008	72	3,598,190	0	1.074	247,920	3,475,316	3,723,236
2009	60	2,306,690	0	1.085	180,708	2,223,547	2,404,255
2010	48	3,999,039	0	1.110	396,301	3,624,648	4,020,949
2011	36	2,869,484	0	1.140	352,393	2,475,834	2,828,227
2012	24	3,033,602	0	1.202	509,807	1,686,437	2,196,244
2013	12	3,755,008	0	1.643	1,469,550	1,503,391	2,972,941
Total		\$44,927,925	\$500,000		\$3,657,618	\$40,308,727	\$43,966,345

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

** No additional IBNR has been included for the 2005 claim that exceeded the SIR.

KANSAS MUNICIPAL WORKERS' COMPENSATION INSURANCE TRUST

**Workers' Compensation
Net Ultimate Medical & Indemnity Loss & ALAE Indications
Paid Bornhuetter - Ferguson Projection Method
Evaluation as of 12/31/13**

Accident Year	Months of Development	(1)	(2)	(3)	(4)	(5)	(6)
		A' Priori Ultimate Losses & ALAE*	Large Loss & ALAE Adjustment	Paid Cumulative LDF	=[(1)-(2)]x[1-1/(3)] Unpaid**	Paid Loss & ALAE @12/31/13	= (4) + (5) Indicated Ultimate Loss & ALAE
1994	240	\$742,241	\$0	1.020	\$14,554	\$742,241	\$756,795
1995	228	1,103,118	0	1.021	22,689	1,103,496	1,126,185
1996	216	836,631	0	1.022	18,010	836,631	854,641
1997	204	1,833,890	0	1.023	41,231	1,835,872	1,877,103
1998	192	1,328,631	0	1.024	31,140	1,328,631	1,359,771
1999	180	1,651,612	0	1.025	40,283	1,645,221	1,685,504
2000	168	1,586,825	0	1.026	40,212	1,553,759	1,593,971
2001	156	1,180,293	0	1.027	31,030	1,180,293	1,211,323
2002	144	1,340,826	0	1.028	36,521	1,340,826	1,377,347
2003	132	1,657,445	0	1.030	48,275	1,623,367	1,671,642
2004	120	2,391,880	0	1.048	109,552	2,380,745	2,490,297
2005	108	3,935,404	500,000	1.053	172,912	3,762,129	3,935,041
2006	96	2,851,551	0	1.061	163,944	2,739,343	2,903,287
2007	84	2,925,565	0	1.080	216,709	2,663,981	2,880,690
2008	72	3,598,190	0	1.096	315,170	3,242,919	3,558,089
2009	60	2,306,690	0	1.116	239,763	2,099,939	2,339,702
2010	48	3,999,039	0	1.173	589,799	3,408,765	3,998,564
2011	36	2,869,484	0	1.256	584,863	1,908,433	2,493,296
2012	24	3,033,602	0	1.502	1,013,894	1,405,620	2,419,514
2013	12	3,755,008	0	2.995	2,501,249	678,447	3,179,696
Total		\$44,927,925	\$500,000		\$6,231,800	\$37,480,658	\$43,712,458

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

** No additional IBNR has been included for the 2005 claim that exceeded the SIR.

KANSAS MUNICIPAL WORKERS' COMPENSATION INSURANCE TRUST

**Workers' Compensation
Selection of Medical & Indemnity Net Ultimate Loss & ALAE
Evaluation as of 12/31/13**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) =Min [(6), (7)]
Accident Year	Incurred Loss & ALAE @ 12/31/13	Ultimate Loss and ALAE Based on:				Selected Ultimate Loss & ALAE*	Aggregate Retention**	Selected Ultimate Loss & ALAE Limited to Aggregate
		Incurred Development Method	Paid Development Method	Incurred 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	1,108,984	1,126,185	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	1,896,890	1,906,374	1,878,097	1,906,014	1,877,103	1,896,890	1,543,031	1,543,031
1998	1,328,631	1,335,274	1,360,518	1,335,241	1,359,771	1,328,631	1,472,773	1,328,631
1999	1,651,612	1,659,870	1,686,352	1,659,829	1,685,504	1,651,612	1,540,262	1,540,262
2000	1,580,271	1,588,172	1,594,157	1,588,166	1,593,971	1,590,103	1,702,335	1,590,103
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	1,348,871	1,378,369	1,348,823	1,377,347	1,340,826	2,720,504	1,340,826
2003	1,635,451	1,648,535	1,672,068	1,648,605	1,671,642	1,656,261	3,218,926	1,656,261
2004	2,429,597	2,492,767	2,495,021	2,490,210	2,490,297	2,491,091	4,544,300	2,491,091
2005	3,893,333	3,998,526	3,935,101	3,996,628	3,935,041	3,976,732	5,602,842	3,976,732
2006	2,829,620	2,942,805	2,906,443	2,939,295	2,903,287	2,928,462	4,978,483	2,928,462
2007	2,870,662	3,031,419	2,877,099	3,025,806	2,880,690	2,979,305	4,920,798	2,979,305
2008	3,475,316	3,732,489	3,554,239	3,723,236	3,558,089	3,671,271	5,448,469	3,671,271
2009	2,223,547	2,412,548	2,343,532	2,404,255	2,339,702	2,385,502	5,503,943	2,385,502
2010	3,624,648	4,023,359	3,998,481	4,020,949	3,998,564	4,014,291	5,517,871	4,014,291
2011	2,475,834	2,822,451	2,396,992	2,828,227	2,493,296	2,714,658	5,397,530	2,714,658
2012	1,686,437	2,027,097	2,111,241	2,196,244	2,419,514	2,214,285	5,388,562	2,214,285
2013	1,503,391	2,470,071	2,031,949	2,972,941	3,179,696	3,076,319	6,091,073	3,076,319
Total	\$40,308,727	\$43,322,601	\$42,170,612	\$43,966,345	\$43,712,458	\$43,778,900		\$43,313,691

* 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 12/31/13

Accident Year	(1) Net Ultimate Loss & ALAE*	(2) Net Incurred Loss & ALAE*	(3) Net Paid Loss & ALAE*	(4) = (2) - (3) Net Case Reserves	(5) = (1) - (2) Net IBNR**	(6) = (4) + (5) 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	1,604,950	1,543,932	61,018	(61,919)	(901)
1998	1,328,631	1,328,631	1,328,631	0	0	0
1999	1,540,262	1,547,470	1,541,079	6,391	(7,208)	(817)
2000	1,590,103	1,580,271	1,553,759	26,512	9,832	36,344
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	1,656,261	1,635,451	1,623,367	12,084	20,810	32,894
2004	2,491,091	2,429,597	2,380,745	48,852	61,494	110,346
2005	3,976,732	3,893,333	3,762,129	131,204	83,399	214,603
2006	2,928,462	2,829,620	2,739,343	90,277	98,842	189,119
2007	2,979,305	2,870,662	2,663,981	206,681	108,643	315,324
2008	3,671,271	3,475,316	3,242,919	232,397	195,955	428,352
2009	2,385,502	2,223,547	2,099,939	123,608	161,955	285,563
2010	4,014,291	3,624,648	3,408,765	215,883	389,643	605,526
2011	2,714,658	2,475,834	1,908,433	567,401	238,824	806,225
2012	2,214,285	1,686,437	1,405,620	280,817	527,848	808,665
2013	3,076,319	1,503,391	678,447	824,944	1,572,928	2,397,872
Total	\$43,313,691	\$39,912,645	\$37,084,576	\$2,828,069	\$3,401,046	\$6,229,115

* 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 2014 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	\$2,928,462	\$1,399,227	\$2.09	1.000	1.039	1.13	\$2.45
2007	2,979,305	1,485,167	2.01	1.000	1.030	1.11	2.30
2008	3,671,271	1,588,854	2.31	1.000	1.007	1.09	2.54
2009	2,385,502	1,594,082	1.50	1.000	1.002	1.08	1.62
2010	4,014,291	1,606,836	2.50	1.000	1.010	1.06	2.68
2011	2,714,658	1,534,033	1.77	1.000	1.005	1.05	1.87
2012	2,214,285	1,569,681	1.41	1.000	1.000	1.03	1.45
2013	3,076,319	1,806,265	1.70	1.000	1.000	1.02	1.73
Total	\$23,984,093	\$12,584,145	\$1.91			Weighted Average	\$2.07
						Avg M3L5	1.74
						Avg L3	1.68
						NCCI Kansas	2.23
(8)	2014 Selected Net Pure Premium						\$2.05
(9)	2014 Projected Payroll (\$00's)						\$1,967,853
(10) = (8) x (9)	Estimated KMIT 2014 Ultimate Losses and ALAE (Prior to Aggregate Excess Insurance)						\$4,034,098
(11)	Aggregate Retention Factor for 2014						0.97
(12) = (10) x (11)	Estimated KMIT 2014 Ultimate Losses and ALAE (Limited to Aggregate Retention)						\$3,913,075
(13)	Discount Factor at 0.69%						0.985
(14) = (12) x (13)	Present Value of Estimated KMIT 2014 Ultimate Losses and ALAE (Limited to Aggregate Retention)						\$3,854,379

* Based on Kansas NCCI Filing.

** Trended at 1.5% per year.

KANSAS MUNICIPAL WORKERS' COMPENSATION INSURANCE TRUST

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

<u>Date</u>	<u>Incremental Benefit Level Change*</u>	<u>Cumulative Benefit Level Change</u>	<u>Accident Year</u>	<u>Average Benefit Level</u>	<u>Anticipated Benefit Level Factor to 2014</u>
07/01/93	0.889	0.889	2006	1.005	1.039
07/01/93	1.009	0.897	2007	1.013	1.030
11/01/93	0.981	0.880	2008	1.036	1.007
07/01/94	1.004	0.883	2009	1.042	1.002
07/01/95	1.004	0.887	2010	1.033	1.010
05/01/96	1.024	0.908	2011	1.039	1.005
07/01/96	1.007	0.915	Estimated 2012	1.043	1.000
07/01/97	1.007	0.921	Estimated 2013	1.043	1.000
09/01/97	0.985	0.907	Estimated 2014	1.043	1.000
07/01/98	1.008	0.915			
07/01/99	1.008	0.922			
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			
07/01/11	1.000	1.036			
01/01/12	1.007	1.043			
07/01/12	1.000	1.043			

* Source: 2013 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) = 1 / (2)	(5) = 1 / (3)	(6)
Month of Development	1994-2003 Selected Cumulative Paid LDF*	2004-2013 Selected Cumulative Paid LDF*	1994-2003 Indicated Payment Pattern	2004-2013 Indicated Payment Pattern	Selected Payment Pattern
240	1.020	1.035	98.0%	96.6%	100.0%
228	1.021	1.036	97.9%	96.5%	100.0%
216	1.022	1.037	97.8%	96.4%	100.0%
204	1.023	1.038	97.8%	96.3%	100.0%
192	1.024	1.039	97.7%	96.2%	100.0%
180	1.025	1.040	97.6%	96.2%	100.0%
168	1.026	1.041	97.5%	96.1%	99.5%
156	1.027	1.042	97.4%	96.0%	99.0%
144	1.028	1.043	97.3%	95.9%	98.0%
132	1.030	1.045	97.1%	95.7%	97.0%
120	1.033	1.048	96.8%	95.4%	96.0%
108	1.038	1.053	96.3%	95.0%	95.0%
96	1.046	1.061	95.6%	94.3%	94.0%
84	1.065	1.080	93.9%	92.6%	92.0%
72	1.081	1.096	92.5%	91.2%	90.0%
60	1.100	1.116	90.9%	89.6%	87.5%
48	1.156	1.173	86.5%	85.3%	85.0%
36	1.238	1.256	80.8%	79.6%	80.0%
24	1.481	1.502	67.5%	66.6%	70.0%
12	2.953	2.995	33.9%	33.4%	40.0%

* Loss Development Factors are selected on Exhibit 4.

KANSAS MUNICIPAL WORKERS' COMPENSATION INSURANCE TRUST

**Workers' Compensation
Calculation of Discount Factor for 2014**

(1)	(2)	(3)	(4)
Month of Development	Selected Cumulative Payment Pattern*	Incremental Payment Pattern*	Discounted Incremental Payment Pattern**
12	40.0%	40.0%	39.9%
24	70.0%	30.0%	29.7%
36	80.0%	10.0%	9.8%
48	85.0%	5.0%	4.9%
60	87.5%	2.5%	2.4%
72	90.0%	2.5%	2.4%
84	92.0%	2.0%	1.9%
96	94.0%	2.0%	1.9%
108	95.0%	1.0%	0.9%
120	96.0%	1.0%	0.9%
132	97.0%	1.0%	0.9%
144	98.0%	1.0%	0.9%
156	99.0%	1.0%	0.9%
168	99.5%	0.5%	0.5%
180	100.0%	0.5%	0.5%
192	100.0%	0.0%	0.0%
204	100.0%	0.0%	0.0%
216	100.0%	0.0%	0.0%
228	100.0%	0.0%	0.0%
240	100.0%	0.0%	0.0%
Total		100.0%	98.5%

* 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 2014 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%	9,359,107	9,218,720	6,926,841	6,822,938
85%	6,333,534	6,238,531	6,143,528	6,051,375
75%	5,082,963	5,006,719	4,930,475	4,856,517
65%	4,276,144	4,212,002	4,147,860	4,085,642
Actuarial Central Estimate	4,034,098	3,973,587	3,913,075	3,854,379