KENTUCKY
AGC Self Insurers' Fund

1979 – 2015
36
YEARS OF EXCELLENCE

FUNDSCRIPTS

Volume 18, Number 4 March 2015

Pay Up!

Dividends Will Be Returned For The 21st Consecutive Year!

The Kentucky AGC/SIF Board of Trustees approved the release of $6,908,821 in dividends and Special Fund taxes to be paid in March of 2015 at its regularly held meeting on October 28, 2014. This dividend payment marks the 21st consecutive year that the Kentucky AGC/SIF has returned premium dollars to its members, bringing the total dividends and Special Fund taxes paid to over $146 MILLION!!

Total premiums being returned to Fund members from the 2010 year are $6,487,156 and the Special Fund taxes being returned are $421,665, bringing the total being returned back to Fund members to $6,908,821.

Dividends being released at the end of this month represent a 16% return of total premiums paid in for the 2010 Fund year as of October 31, 2014.

Historically, 94-95% of members have qualified for a dividend check. As of October 31, 2014, 96% of members who were in the Fund in 2010 and who remain in the Fund are eligible for a 2015 dividend check. How do you know if you will receive a dividend check? You must meet the following criterion:

- Have a loss ratio of less than 100% for the year in which the dividend is being paid (2010 year)
- Were a member in the year for which the dividend is being paid (2010 year)
- Be a CURRENT member at the time of the dividend payment
- Be current in ALL payment obligations to the Fund and the Trade Association of which you are a member

Currently available on the Kentucky AGC/SIF's website (www.kyagcsif.com), members and agents can access ESTIMATED dividend returns that will be issued later this month. Registered users can log in, go to the reports menu and select "Estimated Dividend Report." If you are not currently a registered user, simply go to the website home page and click on "Need to signup?" in the upper right hand corner. Again, please note that the amounts shown are ESTIMATES only.

If you have any question whether your company may be eligible for a dividend paid in 2015, please contact the Fund Office at (800) 928-7135.

"The Fund is very proud of the dividend track record that has been established over the past 21 years.

The ability to return dividends is a testament to the hard work and tireless commitment to safety of the membership."

- Karl T. Ladegast, Administrator

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A.M. Best Company

"A.M. Best Company is a global full-service credit agency dedicated to servicing the insurance industry. It began assigning credit ratings in 1906, making it the first of today's rating agencies to use symbols to differentiate the relative creditworthiness of companies.

The primary objective of Best's Credit Ratings within the insurance segment is to provide an opinion of the rated entity's ability to meet its senior financial obligations, which for an operating insurance company are its ongoing insurance policy and contract obligations. The assignment of an interactive rating is derived from an in-depth evaluation of a company's balance sheet strength, operating performance and business profile, as compared with A.M. Best's quantitative and qualitative standards."

Source: A.M. Best Company

Best In Class

A.M. Best Renews Fund's Rating for 18th Consecutive Year

The Kentucky AGC/SIF is once again very pleased to offer Fund members the security of having an A.M. Best ***Financial Strength Rating*** category of **A- (Excellent)**. An A- rating category is assigned to companies which, in A.M. Best's opinion, have an "excellent" ability to meet their ongoing obligations to policyholders. Ratings are issued only after A.M. Best has conducted a comprehensive quantitative and qualitative evaluation of a company's balance sheet strength, operating performance, and business profile. **The Kentucky AGC/SIF has maintained a category A- rating since its initial rating in 1998.**

The Fund is also pleased to announce that A.M. Best's ***Financial Size Category*** for the Fund is maintained at a category VII. To enhance the usefulness of ratings, A.M. Best assigns each letter rated (A++ through D) insurance company a Financial Size Category (FSC). The FSC is designed to provide a convenient indicator of the size of a company in terms of its statutory surplus and related accounts. A category VII indicates an adjusted policyholders' surplus of $50 million to $100 million.

The Kentucky AGC/SIF was formed to offer an alternative workers' compensation insurance product for the construction industry. Low rates and dividends are by far the most popular benefits that Fund members want to claim by joining and remaining in the Kentucky AGC/SIF, but the A.M. Best rating is a benefit as well. Not many self insurance groups have an A.M. Best rating, including no other self insurance groups in Kentucky. And while A.M. Best's evaluation is not the only test that the Fund undergoes to balance and maintain its financial integrity, it is undoubtedly a very important one. It is the report card that allows agents and Fund members alike to have added confidence in the Fund's **continued** ability to not just offer its product, but to provide a stable product and benefits.

If you would like to view the Kentucky AGC/SIF's A.M. Best rating, you can do so at www.ambest.com (the Fund's A.M. Best number is 55002) or click on the A.M. Best link from the Fund's website at www.kyagcsif.com.

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The Underwriter's Corner

Out-of-State/Cross-Borders Program Update

In 2010, the Fund partnered with its excess insurance carrier, the Safety National Casualty Corporation, to form the Out-of-State/Cross-Borders Program. This program was designed to offer Fund members the opportunity to obtain coverage for exposures in states other than Kentucky, and for which the Fund could not provide coverage for Regularly Employed Kentucky Employees, while allowing the member to keep their Kentucky coverage with the Fund. Through 12/31/14, the program has received 497 submissions and written **340** policies with premiums over **$1.7 million!** Additionally, the program has provided coverage in the following states: *Alabama, Arkansas, Florida, Georgia, Illinois, Indiana, Kansas, Louisiana, Maryland, Michigan, Minnesota, Mississippi, Missouri, New Jersey, New York, North Carolina, Pennsylvania, South Carolina, Tennessee, Texas, Virginia and West Virginia.*

In order to obtain access to the program, the following general underwriting criterion must be met:

- Must be a member of the Kentucky AGC/SIF (or plan to join)
- Class codes contemplated for the OOS/Cross-Borders program must be the same as those class codes contemplated by the member's Fund policy
- Members must have a loss ratio of ≤ 60% for the past three (3) years
- Designated states only
- Limited out-of-state exposure (generally 40% or less of total annualized payroll)
- In order to begin procuring a quote for the OOS/Cross-Borders program, the following information will be needed:
  - A completed ACORD application (completed in its ENTIRETY)
  - Detailed description of the job or work being performed out-of-state
  - Proposed effective date
  - Estimated payroll by class code
  - Three years of Kentucky and/or out-of-state experience (if applicable)
  - Large loss details on all losses over $50,000
  - Current workers' compensation Experience Modification Factor
  - Loss control reports for the two most recent inspections

Contact Us

Give us a call for more information about our services and products

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Visit us on the web at www.kyagcsif.com