

1979-2010
31
YEARS OF
EXCELLENCE

KENTUCKY ASSOCIATED GENERAL CONTRACTORS
SELF INSURERS' FUND NEWSLETTER
OUR A.M. BEST RATING IS A-, "EXCELLENT"

FundScripts

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2010

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Dividends are Approved

\$10.6 MILLION IN DIVIDENDS TO BE PAID TO KENTUCKY AGC/SIF MEMBERS

At its regularly held Board Meeting on October 26, 2010, the Kentucky AGC/SIF Board of Trustees approved the release of \$10,604,293 in dividends and \$689,279 in Special Fund taxes to be paid in March of 2011. This payment marks the 17th consecutive year that the Kentucky AGC/SIF has returned premium dollars to its members.

After the dividends and Special Fund taxes are released in March of 2011, the total dividends and taxes that have been returned to Fund members since 1994 will be over \$99 MILLION DOLLARS!

In March of 2011, dividends will be released that represent a 15.1% return of total premiums paid in for the 2006 Fund year as of October 31, 2010.

What are the chances that your company will receive a dividend? Historically, 94-95% of members have qualified for a dividend check. As of November 1, 2010, 96% of members who were in the Fund in 2006, and who remain in the Fund, are eligible for a 2011 dividend check. Here is how your company can qualify:

- \$ Have been a member in the year for which the dividend is being paid (2006 year)
- \$ Have a Loss Ratio of less than 100% for the year in which the dividend is being paid (2006 year)
- \$ Be a CURRENT member at the time of the dividend payment (2011 year)
- \$ Be current in all payment obligations to the Fund and to its participating Trade Associations

Now available on the Kentucky AGC/SIF's website (www.kyagcsif.com), members and agents can access **ESTIMATED** dividend returns that will be issued in March of 2011. 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 questions whether your company may be eligible for a dividend paid in 2011, please contact the Fund Office at (502) 245-2007.

Dividend Declared for the 2010 Year

At its regularly held Board Meeting on October 26, 2010, the Kentucky AGC/SIF Board of Trustees declared a **dividend of \$13,200,000**. Once this declaration is added to the existing dividend pool (available for future payments to Fund members), it will bring the total in the dividend pool to over \$51.2 million. If you have any questions regarding the dividend declaration, please contact the Fund Office at (502) 245-2007.

The Fund Freezes Rates for 2011

After analyzing and considering a multitude of statistical data, as well as anticipating future market conditions, the Kentucky AGC/SIF Board of Trustees, at its regularly held Board Meeting on October 26, 2010, voted to maintain the Fund's current (2010) manual rates for the upcoming 2011 year. In other words, there will be **NO RATE CHANGE** for the 2011 year.

More Money to Save

Effective January 1, 2011, the Kentucky Special Fund Assessment Tax Rate will be 6.5%; **unchanged** from the 2010 year. This will be the sixth consecutive year that the rate has been at 6.5% and remains at the lowest Assessment Tax Rate that Kentucky Employers have experienced since 1989.

How does the Assessment Tax Rate affect your company? It is the rate you multiply your normal premium by each month (or one time per year if you pay your entire premium at the beginning of the policy year) to determine the applicable tax amount you must pay as part of your total monthly workers' compensation insurance premium payment.





THE KENTUCKY AGC/SIF HONORS ITS “TOP PRODUCING” AGENTS AT ITS 13th ANNUAL AGENTS’ AWARD CEREMONY



On October 25, 2010, the Kentucky AGC/SIF’s Board of Trustees, its Association Executives and its Administration came together to pay tribute to its 2009 top producing agencies at its 13th Annual Agents’ Award Ceremony.

The awards ceremony was initiated in 1998 in order to recognize those agencies that have produced not only significant premium levels, but have shown tremendous dedication and loyalty to the Fund. The three (3) categories in which awards were presented included: CRYSTAL, GOLD and SILVER.

CRYSTAL AWARDS were presented to those agencies which produced \$2 million (or more) in premium for the 2009 year. The agencies and their representatives receiving crystal awards were: **BB&T Insurance Services**, represented by Mr. Jeff Fairchild and Ms. Faye Miller; **Logan Lavelle Hunt Insurance**, represented by Mr. John Lavelle; **Neace Lukens**, represented by Mr. Terry Gordon and Mr. Steve Leist; and **Wells Fargo Insurance**, represented by Mr. Brian Ayres, Mr. Fred Orthmeyer and Mr. Walt Zolla.

GOLD AWARDS were presented to those agencies which produced \$1 million (or more) (not to exceed \$1,999,999) in premium for the 2009 year. The agencies and their representatives receiving gold awards were: **Associated Insurance**, represented by Mr. John Anderson and Mr. Chris Botner; **Center of Insurance**, represented by Mr. Bruce Barrick; **Curneal & Hignite Insurance**, represented by Mr. Gerry Hignite and Mr. Joe Stewart; the **Garrett-Stotz Company**, represented by Mr. Jeff Brown and Mr. Drew Windhorst; **Powell-Walton-Milward**, represented by Mr. John Milward, Mr. Kav Milward and Mr. Chris Barnett; the **Roeding Group Companies**, represented by Mr. Rob Hoenscheid; **Underwriters, Safety & Claims**, represented by Mr. Mike Busick; and the **Western Rivers Corporation**, represented by Ms. Patty Freeman.

SILVER AWARDS were presented to those agencies which produced \$500,000 (or more) (not to exceed \$999,999) in premium for the 2009 year. This year’s silver awards were presented to the following list of agencies and their representatives: **Carroll & Stone Insurance**, represented by Mr. Michael Cunningham and Ms. Rossi Ison; the **Charles Bilz Agency**, represented by Mr. Jimmie Berger; **C.K. Ash & Associates**, represented by Mr. Brian Jones; **Charles M. Moore Insurance**, represented by Mr. Mike Hepp; **Crawford Insurance**, represented by Mr. Jeremy Arrasmith and Mr. Dale Klein; **E.M. Ford & Company**, represented by Mr. Lynn Holland; **Energy Insurance**, represented by Mr. Todd Carlisle and Mr. Jeremy Fultz; **GCH Insurance**, represented by Mr. John Hampton; **Hyland, Block & Hyland**, represented by Ms. Leigh Anne Ferreri; **Maverick Insurance**, represented by Mr. Duran Hall and Mr. Scott Peyton; **Morgan, Trevathan & Gunn**, represented by Mr. Jimmy Boling; the **Putnam Agency**, represented by Mr. Tom Phipps; and **Van Zandt, Emrich & Cary**, represented by Mr. Andy Bennett.

The three (3) award winning agencies that were UNABLE to attend the ceremony this year were: 1) **Schiff, Kreidler-Shell** (Silver Award) 2) **Sterling G. Thompson** (Gold Award) and 3) **Van Meter Insurance** (Crystal Award).

CONGRATULATIONS to all of our award winning agencies on your accomplishments and we sincerely appreciate the continued support that you have shown the Kentucky AGC/SIF throughout the years!!

Out of State Coverage Update – Extremely Important Information Regarding NEW YORK Workers’ Compensation and Employers’ Liability Coverage

Pursuant to New York Law, Article 4, Section 50 (1), (2) & (3), an employer shall secure compensation to his employees in one or more of the following ways: 1) by insuring and keeping insured the payment of such compensation in the state fund, 2) by insuring and keeping insured the payment of such compensation with any stock corporation, mutual organization, or reciprocal insurer authorized to transact the business of workers’ compensation insurance in this state through a policy issued under the law of this state, or 3) by furnishing a satisfactory proof to the chair of his financial ability to pay such compensation for himself.

As such, the Kentucky AGC/SIF is **NOT AUTHORIZED TO PROVIDE NEW YORK WORKERS’ COMPENSATION AND EMPLOYERS’ LIABILITY COVERAGE IN THE STATE OF NEW YORK UNDER ANY CIRCUMSTANCES. THIS IS EFFECTIVE JANUARY 1, 2011.**

Simply put, the Kentucky AGC/SIF is not an admitted carrier in the state of New York, and therefore cannot afford any New York workers’ compensation and employers’ liability coverage.

If you are, or will be performing any work in the state of New York, please contact your Agent and/or the New York State Workers’ Compensation Board at (877) 632-4996 for alternative means of New York workers’ compensation and employers’ liability insurance coverage. Additionally, you may qualify for New York workers’ compensation and employers’ liability coverage through the Fund’s **Out-of-State/Cross-Borders Program** provided by the Fund’s Excess Carrier, Safety National. For additional questions regarding this matter, please contact the Fund Office at (800) 928-7135.

MYTH BUSTERS - THE \$100 ANNUAL “SURCHARGE”

Over the years, many myths have developed in regards to the Annual Surcharge in the amount of \$100 that is payable with all new and renewal policies. This article will attempt to debunk some of the myths, and provide an explanation as to what the Annual Surcharge is and how it is used by the Fund. To begin, let’s discuss what the Annual Surcharge is not.

The foremost myth about the Annual Surcharge is that it is applicable to insureds’ premiums. This is **NOT** true. The Annual Surcharge is not premium related and therefore is not allocated towards premiums paid during the policy year in which the Annual Surcharge is paid. Because the Annual Surcharge is not premium, there exists a myth that it is not subject to the Special Fund Tax. This is **NOT** true. The Annual Surcharge is, in fact, subject to the Special Fund Tax, as set forth by the *Kentucky Workers’ Compensation Funding Commission*. Another widely circulated myth is that the Annual Surcharge is some type of penalty fee. This is **NOT** true. ALL Fund policies are subject to the Annual Surcharge, regardless of their pay status, loss ratio, experience modification rating, etc. The final myth is that the Annual Surcharge is pro-ratable. This is **NOT** true. The Annual Surcharge is due in **FULL**, for all Fund policies, regardless of when the policy becomes effective during the applicable policy year.

So, what **IS** the \$100 Annual Surcharge and how is it used by the Fund? The Annual Surcharge is simply a fee that is collected once every calendar year, and is used by the Fund to defray the costs associated with certain annual expenses for each policy, such as annual audits, loss control services, etc. This surcharge is not unique to the Fund. Virtually ALL carriers collect an Annual Surcharge, oftentimes referred to as an Expense Constant, to defray the costs of similar expenses as those of the Fund.

In closing, your renewal billings for the upcoming 2011 policy year will be arriving in your mailboxes soon. Remember, ALL Fund policies are subject to the \$100 Annual Surcharge + Special Fund Tax (6.5% for 2011). If you are an annual payer, your \$100 Annual Surcharge + Special Fund Tax will be due with your Annual Billing on or before *February 10, 2011*. If you are a monthly payer, your \$100 Annual Surcharge + Special Fund Tax will be due with January’s premium payment on or before *February 10, 2011*.

Should you have any questions regarding this matter, please contact the Fund Office at (800) 928-7135 or (502) 245-2007.

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Click, Pay and Done!! The Kentucky AGC/SIF's website offers THREE Payment Methods for Members

The Kentucky AGC/SIF's website (www.kyagcsif.com) has been used by registered agents and members since 2006. Registered agents have access to an entire listing of their members, access to estimated dividend returns for their members, a year-to-date premium report and loss runs for their members. Registered members have access to their loss runs, access to their estimated dividend return, reports showing their payments to date, and the ability to pay their monthly premiums online!!

Members that are registered to use the Fund's website are able to pay monthly premiums through THREE different options: Electronic Check, Credit Card and Mail-In payment. All of these options allow for simple premium calculation and payment!!

Registered members can take advantage of these quick, easy, safe and secure methods to pay their Kentucky AGC/SIF workers' compensation premiums. A member only needs to log in, click on the "Reports" option and select "Make an Online Payment" to complete their monthly premium report and submit payment.

If you have not registered on the Fund's website, you can do so at any time. Simply go to www.kyagcsif.com and click on "Need to Register?" in the upper right hand corner of the home page. Follow the step by step instructions and wait for a final email stating the registration has been approved. Please contact the Fund Office if you have any questions regarding the above information at (502) 245-2007 or (800) 928-7135.