

FundScripts

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PAYROLL FORMS MAKING CHANGES

Please note that if you recreate the Fund's payroll reports in your own computer system, you MUST pay attention to changes in certain items from year to year including class codes, rates, experience mods, discount factors and the Special Fund Tax Rate.

Do not assume that all values are the same from year to year, as they are NOT. Each month, the Fund processes numerous errors which costs the Fund time and money, your time and money.

Should you have any questions about the values on your payroll reports, please contact the Fund's Underwriting Department at (502) 245-2007 or (800) 928-7135.

STANDING STRONG

2011 KENTUCKY AGC/SIF FINANCIAL INFORMATION

In addition to the Financial Statements, as posted on the Fund's website (www.kyagesif.com), the following information is provided to you, and is a summary of the **2011 AUDITED FINANCIAL STATEMENT** for the Kentucky AGC/SIF:

<u>REVENUES</u>	<u>2011</u>
Premiums Earned	\$56,808,862
Net Investment Income	\$9,297,653
Net Realized Investment Gains (Losses)	(\$461,218)
Other	\$2,260,558

TOTAL REVENUES \$67,905,855

<u>EXPENSES</u>	
Claims Paid and Reserved	\$41,074,755
Service Fee	\$6,152,400
Commissions	\$5,680,886
Excess Insurance Premiums	\$840,000
Loss Control	\$929,480
Premium Audits	\$563,162
Other	\$1,476,308

TOTAL EXPENSES \$56,716,991

Income Before Dividends and Taxes	\$11,188,864
Dividends Declared to Members	\$8,700,000
Income Before Income Tax Expense	\$2,488,864
Income Tax Expense (Benefit)	\$722,709

NET INCOME \$1,766,155

DIVIDEND INFORMATION

DIVIDENDS PAID to Members in 2011 for 2006 Year	\$10,604,293
SPECIAL FUND TAX returned to Members for 2006 Year	\$689,279
TOTAL DIVIDEND Distribution in 2011	\$11,293,572
TOTAL PREMIUM collected for 2006	\$70,151,623
% OF PREMIUM RETURNED to Members	15.1%



KENTUCKY CHILD LABOR LAW

With the school year drawing to a close, over the next few months, high school students around the state will be available to join Kentucky's workforce. Some will no doubt choose the construction industry, thereby affording many Kentucky AGC/SIF members the opportunity to temporarily employ some labor-oriented help.

Hiring these high school employees will impose additional restrictions on employers. Kentucky's Child Labor Laws are applicable to all minors under the age of 18. There are both prohibited occupations and a limitation of hours worked that exist to protect both the safety and well-being of these individuals. **CONSTRUCTION-RELATED WORK, REGARDLESS OF TYPE OF OPERATION, IS STRICTLY PROHIBITED FOR MINORS 14, BUT NOT YET 16 YEARS OF AGE.** Violations of the child labor laws are subject to monetary fines.

To help you avoid an unnecessary fine, please review below for information that the Fund has obtained directly from the Kentucky Labor Cabinet.

The following is a list of **prohibited occupations** for all minors **under the age of 18**:

- ◆ Jobs in or around plants that make or store explosives or articles containing explosive components
- ◆ Motor vehicle driver and outside helper
- ◆ Coal mining operations
- ◆ Logging or saw milling operations
- ◆ Operation of power-driven woodworking machines
- ◆ Exposure to radioactive substances
- ◆ Operation of power-driven hoisting apparatus
- ◆ Operation of power-driven metal-forming, metal-punching & metal-shearing machines
- ◆ Mining (other than coal)
- ◆ Slaughtering, meat packing or processing
- ◆ Operation of power-driven bakery machines
- ◆ Operation of paper product machines
- ◆ Manufacture of brick, tile and similar products
- ◆ Operation of circular saws, band saws and guillotine shears
- ◆ Wrecking, demolition and shipwrecking operations
- ◆ Roofing
- ◆ Excavating operations
- ◆ Liquor operations
- ◆ Pool or billiard rooms

****CONSTRUCTION (INCLUDING DEMOLITION AND REPAIR) IS A PROHIBITED OCCUPATION FOR ALL MINORS 14, BUT NOT YET 16 YEARS OF AGE.****

Minors that are **14 years of age**, but not yet 18, have **restrictions** regarding the hours they are permitted to work. These restrictions are as follows for the respective age group:

AGES 14 and 15

- ◆ May not work BEFORE 7:00 A.M.
- ◆ May not work AFTER 7:00 P.M. (9:00 PM June 1 through Labor Day)
- ◆ Maximum hours when school is in session:
 - > 3 hours per day on a school day
 - > 8 hours per day on a non-school day
 - > 18 hours per week
- ◆ Maximum hours when school is not in session:
 - > 8 hours per day
 - > 40 hours per week

AGES 16 and 17

- ◆ May not work BEFORE 6:00 A.M.
- ◆ May not work AFTER 10:30 P.M. preceding a school day or 1:00 A.M. preceding a non-school day
- ◆ Maximum hours when school is in session:
 - > 6 hours per day on a school day
 - > 8 hours per day on a non-school day
 - > 30 hours per week*
- ◆ Maximum hours when school is not in session:
 - > NO RESTRICTIONS

(*A minor that is 16 or 17 years of age may work up to 40 hours per week when school is in session if a parent or legal guardian gives permission in writing, and the principal or head of the school the minor attends certifies in writing that the minor has maintained at least a 2.0 grade point average in the most recent grading period. The school certification will remain valid for one (1) year unless revoked sooner by the school authority. Both the parental permission and the school certification shall remain at the employer's place of business.)

KENTUCKY CHILD LABOR LAW

(CONTINUED)

Additionally, you should know that minors under eighteen (18) years of age shall NOT be permitted to work more than five (5) hours continuously without an interval of at least thirty (30) minutes for a lunch period. It should also be noted that proof of age is required for all minors fourteen (14), but not yet eighteen (18) years of age. This may include a driver's license, birth certificate or government document with date of birth.

Employers are also required to maintain the following information in their records for any minor that is employed: name, age, address, the time of the beginning and ending of each work shift and each meal period. A child labor poster, including prohibited duties, is required to be posted by employers.

For additional information, you can contact the Kentucky Department of Labor at the following location:

Kentucky Labor Cabinet
Division of Employment Standards, Apprenticeship and Mediation
1047 US Hwy 127 S, Suite 4
Frankfort, KY 40601
Phone (502) 564-3534 Fax (502) 696-1897
www.labor.ky.gov

THE UNDERWRITER'S CORNER

A REVIEW OF WATCH LIST ACTIONS

In the last edition of *The Underwriter's Corner*, we discussed the issue of adverse claims including what it means and how it is determined by the Fund. If you will recall, the Fund's current adverse loss ratio threshold is 71%. In this edition, we will discuss what happens when a member's loss experience becomes adverse.

To begin, the Fund utilizes a mechanism called the Watch List to identify those members with adverse claims. To identify adverse claims experience, the loss ratio is calculated using the most recent five (5) years of losses and premiums, or since the coverage effective date, whichever is less, with the current year's premium being pro-rated through the end of the current year. If the trigger loss ratio (which we have determined to be 71%) is reached, the Fund will then review the member's overall loss ratio since the policy's inception date or 1987, whichever is less. If the member's overall loss ratio is equal to, or greater than, the trigger loss ratio, the following actions are taken depending on the loss ratio:

- ◆ **Overall loss ratio of 71% - 80%:** The Fund sends a regular Warning Letter letting the member know to review their safety programming to address the rise in loss ratio.
- ◆ **Overall loss ratio of 81% - 90%:** A 150% adder is applied to the member's experience mod, meaning an experience mod of .95 will rise to 1.35 (.95 X 150%), and the member's premium discount is suspended for the time period in which the adder is in place.
- ◆ **Overall loss ratio of greater than 90%:** The member's coverage is automatically terminated for adverse claims experience.

A fourth action is one that is unique to the Fund. To allow for the fact that extreme losses can happen, the Fund's Watch List contains a special provision called a "Shock Loss" provision. A Shock Loss is defined as a single loss occurrence that does not exceed \$200,000, and which if removed, would make the five (5) year loss ratio less than the trigger loss ratio (which again, we have determined to be 71%). If the loss ratio rises due to increased totals incurred (e.g., *another* adverse year within the 5-year period), or the single loss occurrence rises above \$200,000, the shock loss provision no longer applies and the member would be subject to the actions listed in the bullet points above.

In closing, this information can be found on page 10 of your *Fund Facts* and *Underwriting, Safety & Claims Manual*, as well as the Fund's website under Underwriting FAQs at <http://www.kyagesif.com/fund/blog/post/32>. Should you have any questions or comments regarding this, or any other underwriting topic, please contact the Fund Office at (502) 245-2007 or (800) 928-7135.

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WALKING ON SUNSHINE BEAT THE HEAT WITH THESE HOT WEATHER SAFETY TIPS

You know it's summer in Kentucky when a shower is required after merely walking to the end of the driveway to get the mail. And with sultry summer weather comes the possibility of heat-related injuries and illnesses. The following is information that can be used to recognize the signs and symptoms of different heat-related injuries and illnesses such as heat cramps, heat exhaustion and heat stroke.

Signs of heat cramps include spasms and cramps in the muscles due to excessive loss of salts through sweating. To treat heat cramps, stop, take a break and drink fluids until symptoms subside.

Heat exhaustion symptoms can include headache, dizziness, light headedness, weakness, dry mouth, nausea, rapid breathing and/or pale, clammy skin. To treat heat exhaustion, immediately move to a cool, shaded area to rest, loosen/remove clothing, drink water and apply wet towels. If the symptoms do not improve within 30 minutes, seek medical attention.

When heat stroke occurs, the body is no longer capable of cooling itself. Symptoms include pale or red skin, lack of sweating, confusion, irritability, seizures, rapid pulse and breathing and loss of consciousness. **This is a serious medical emergency and medical help should be sent for immediately.** To treat heat stroke, move to a cool, shaded area, remove any heavy outer clothing and slightly elevate head and shoulders. These steps should be taken to try and keep the victim cool until medical help arrives.

Easy preventative measures that can be taken to avoid most heat-related injury or illness include keeping the body cool (i.e., dress for the weather), avoid dehydration (drink plenty of DE-caffeinated fluids) and take breaks from the heat in shaded areas.

Never ignore the symptoms of heat-related injuries or illnesses. Train your employees to recognize the symptoms and notify someone immediately.