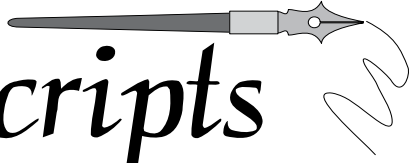


1997-2008
29
YEARS OF
EXCELLENCE

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

FundScripts



Volume 12, Number 3

2008

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- 2009 Safety Program



THE FUND FREEZES RATES FOR 2009



After analyzing and considering a multitude of statistical data, as well as anticipating future market conditions, the Kentucky AGC/SIF's Board of Trustees, at its regularly held Board Meeting on October 21, 2008, voted to maintain the Fund's current (2008) manual rates for the upcoming 2009 year. In other words, there will be **NO RATE CHANGE** for the 2009 year.

Dividends are Approved **\$6.5 MILLION IN DIVIDENDS TO BE PAID TO KENTUCKY AGC/SIF MEMBERS**

At its regularly held meeting on October 21, 2008, the Kentucky AGC/SIF Board of Trustees approved the release of \$7,221,097 in dividends to be paid in March of 2009. This dividend payment marks the 15th consecutive year that the Kentucky AGC/SIF has returned premium dollars to its members.

Total premium being returned to Fund members from the 2004 year is \$6,476,320 and the Special Fund Tax being returned is \$744,777, bringing the total being returned back to Fund members to \$7,221,097. After the dividends are released in March of 2009, the total dividends that have been returned to Fund members since 1994 will be over \$79.2 MILLION DOLLARS!

In March, 2009, dividends will be released that represent a 12% return of total premiums paid in for the 2004 Fund year as of October 31, 2008.

What are the chances that your company will receive a dividend? Over the past five (5) years, 94-95% of members qualified for a dividend check. Here is how your company can qualify:

- \$ Have a Loss Ratio of less than 100% for the year in which the dividend is being paid (2004 year).
- \$ Have been a member in the year for which the dividend is being paid (2004 year).
- \$ Be a CURRENT member at the time of the dividend payment (2009 year).
- \$ Be current in all payment obligations to the Fund and to its participating Trade Associations.

If you have any question whether your company may be eligible for a dividend paid in 2009, please contact the Fund Office at (502) 245-2007.

Sponsored by the Following Trade Associations:



Eleventh Annual Agents' Award Ceremony



On October 20th, 2008, the Kentucky AGC/SIF's Board of Trustees, its Association Executives and its Administration came together to pay tribute to its 2007 top producing agencies at its 11th Annual Agents' Award Ceremony.

The award 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 2007 year. The agencies and their representatives receiving crystal awards were: **BB & T Insurance Services**, represented by Ms. Judy Crawford and Ms. Faye Miller; the **Garrett-Stotz Company**, represented by Mr. Steve Garrett and Mr. Jeff Brown; **Logan Lavelle Hunt Insurance**, represented by Mr. Jim Lavelle and Mr. John Lavelle; **Neace Lukens**, represented by Mr. Richard Lewis and Mr. Steve Leist; **Powell-Walton-Milward**, represented by Mr. Kav Milward and Mr. Chris Barnett; **Van Meter Insurance**, represented by Ms. Darlene Newsome and Ms. Maria Roache; and **Wells Fargo Insurance**, represented by Mr. Jeff Duncan, Mr. Brian Ayres and Mr. Fred Orthmeyer.

GOLD AWARDS were presented to those agencies which produced **\$1 million** (or more) (not to exceed \$1,999,999) in premium for the 2007 year. The agencies and their representatives receiving gold awards were: **Associated Insurance Service**, represented by Mr. David Walker and Mr. Chris Botner; **C.K. Ash & Associates**, represented by Mr. Brian Jones; **Center of Insurance**, represented by Mr. Bruce Barrick; **Energy Insurance Agency**, represented by Mr. Todd Carlisle and Mr. Jeremy Fultz; the **Putnam Agency**, represented by Mr. Tom Phipps and Mr. David Lucas; the **Roeding Group Companies**, represented by Mr. Steve Roeding; **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 2007 year. This year's silver awards were presented to the following list of agencies and their representatives: the **Charles Bilz Agency**, represented by Mr. Jimmie Berger and Mr. Dick Berger; **E.M. Ford & Co.**, represented by Mr. Lynn Holland; **GCH Insurance**, represented by Mr. John Hampton and Mr. Brent Hampton; **Greater Lexington Insurance**, represented by Mr. David Thornton; **Hyland, Block & Hyland**, represented by Mr. David Bradow; the **Peel & Holland Financial Group**, represented by Mr. Keith Riley; and **Van Zandt, Emrich & Cary**, represented by Mr. Rudy Schlich.

The seven (7) award winning agencies that were **UNABLE** to attend the ceremony this year were: 1) **Carroll & Stone Insurance** 2) **Charles M. Moore Insurance** 3) **Crawford Insurance** 4) **Curneal & Hignite Insurance** 5) **Insuramax** 6) **Schiff, Kreidler-Shell** and 7) **Sterling G. Thompson**.

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.

MORE GOOD NEWS TO SAVE YOU MONEY

Effective January 1, 2009, the Kentucky Special Fund Assessment Tax Rate will be 6.5%; **unchanged** from the 2008 year. This will be the fourth consecutive year that the rate has been 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.

Drug-Free Discount Plan: Q & A

Questions Answered Regarding the Fund & the 5% Premium Discount for Drug-Free Workplaces

Effective 6/26/07, a section of law under KRS 304.13 - 167 (6) was created allowing workers' compensation carriers to offer a 5% premium discount to each policy holder if that policyholder applied for and received a Certification of a Drug-Free Workplace and the Kentucky Department of Insurance approved the carrier's discount.

Some questions have arisen regarding credits for Drug-Free Workplace Programs and the Fund would like to take this opportunity to set the record straight for its members who are receiving false information.

Question: Does the law require a Kentucky workers' compensation carrier to offer a 5% premium discount to policy holders who receive a Certification of a Drug-Free Workplace?

Answer: The law does NOT require it.

KRS 304.13-167 (6) is NOT mandatory for Kentucky workers' compensation carriers. It is an optional program wherein the Kentucky Department of Insurance could approve plans beginning January 1, 2008 to Kentucky workers' compensation carriers who choose to offer a premium savings of at least 5% to policy holders that become a certified drug-free workplace through the Kentucky Department of Workers' Claims.

Question: Why is the Kentucky AGC/SIF not offering a 5% premium discount to its members?

Answer: The LEGAL burden of proof on a claim involving voluntary intoxication which includes testing positive for drugs is a tremendous burden for a Kentucky workers' compensation insurance carrier to overcome. In other words, it is nearly impossible to win a claim where drugs are involved even when there is medical proof that a worker was voluntarily intoxicated at the time of the accident. If the law is amended to change this burden of proof, then offering a discount for a drug-free workplace program might prove beneficial for all, but offering an up-front discount with little, if any, potential for claim cost reduction is not a cost effective program for the Fund to underwrite. In fact, it would be financially irresponsible to its members.

Question: Why would a member of the Kentucky AGC/SIF not want to get their insurance with a carrier who offers the 5% discount for a drug-free workplace program?

Answer: **DIVIDENDS!** A member of the Kentucky AGC/SIF's "discount" is returned to them in the form of dividends because dividends are DIRECTLY tied to claim costs and claims are 98% of the time DIRECTLY tied to safety (98% of all claims are preventable). Safety programs can include (and many do) a drug-free policy program, but you do not have to be certified to be entitled to receive your dividend.

	<u>Percentage of Total Premiums Returned</u>	<u>Percentage Returned to Individual Members</u>	<u>Drug-Free Workplace</u>
March, 2000 (For 1995)	15%	27%	5%
March, 2001 (For 1996)	14%	23%	5%
March, 2002 (For 1997)	26%	41%	5%
March, 2003 (For 1998)	32%	50%	5%
March, 2004 (For 1999)	32%	50%	5%
March, 2005 (For 2000)	31%	50%	5%
March, 2006 (For 2001)	20%	34%	5%
March, 2007 (For 2002)	11%	18%	5%
March, 2008 (For 2003)	11%	20%	5%
March, 2009 (For 2004)	12%	20%	5%

The first column of percentages represents the percentage of total premiums returned for the year.

The second column represents what percentage of individual premiums members received up to if they had no claims. However, as long as paid claims for the year did not exceed premiums paid for the year, and a member meets the other qualifications, (see related article on page one), members are eligible for a dividend. And remember, 94-95% of Fund members historically qualify for dividends each year.

Looking at these figures, 5% is simply not competitive when comparing the return that Kentucky AGC/SIF members have seen over the past 9 years, and the Fund has paid dividends for 15 consecutive years.

Safety (including drug-free workplaces) is vital to savings, and the Fund encourages the continuation of such programs. Safety is the cornerstone of the Fund's ability to offer the lowest manual rates, unsurpassed customer service, an A- "Excellent" A.M. Best rating, and a stable product to the construction industry for nearly 30 years. In addition to all that, safety allows you to put premium dollars (dividends) right back in your pocket. Other carriers may choose to offer up-front discounts. However, the Fund will continue with what has proven to be an effective method of giving members back their money when safety pays!

SAFETY AND EDUCATIONAL 2009 *PROGRAM*



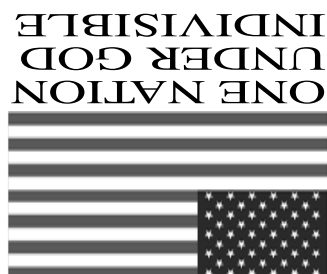
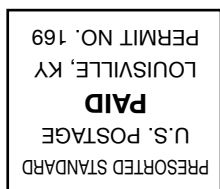
During the October 21, 2008 Board of Trustees meeting, the structure for the 2009 Safety and Educational Program was unanimously passed. The Fund's Safety and Educational Program for 2009 will require all policies with an effective date through December 31, 2008 to attend, by October 31, 2009, a two (2) hour safety seminar offered by one of the Fund's seven (7) participating Trade Associations or the Fund's Loss Control Provider, J.V. Resources, Inc.

Look for more information to come from the Trade Association of which you are a member of or from J.V. Resources, Inc. regarding training opportunities.

New members coming into the Fund with effective dates of January 1, 2009 or after will continue to be required to view the Fund's new member education video, "Avoiding Jeopardy - Safety Pays!" within thirty (30) days of receiving their new member packet.

Members with a loss ratio above the designated trigger ratio set for 2009 will continue to be required to participate in the Personal Review of Watch List (P.R.O.W.L.) program.

If there are any questions, regarding the Fund's Safety and Educational Program for 2009, please contact the Fund Office at (502) 245-2007.



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