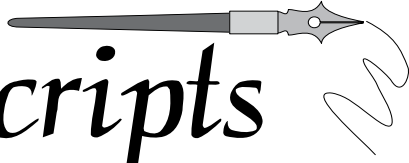


1979-2009  
30  
YEARS OF  
EXCELLENCE

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

# FundScripts



Volume 12, Number 4

2009

## Inside:

- Out of State Coverage
- Credit Card Payments



## Dividends Are Coming!!!

*Dividends will be returned to Kentucky AGC/SIF members for the 15th consecutive year*

At its regularly held meeting on October 21, 2008, the Kentucky AGC/SIF's Board of Trustees approved the release of \$7,221,097 in dividends to be paid in March, 2009. This dividend payment marks the 15th consecutive year that the Kentucky AGC/SIF has returned premium dollars to its members, thereby bringing the total dividends paid to over \$79.2 MILLION DOLLARS!!

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.

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

Over the past five (5) years, 94-95% of members have qualified for a dividend check. How do you know if you will receive a dividend check? You must meet the following criteria:

- \$ Have a loss ratio of less than 100% for the 2004 year.
- \$ Were a member in the year for which the dividend is being paid (2004).
- \$ 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.

Now available on the Kentucky AGC/SIF's website ([www.kyagcsif.com](http://www.kyagcsif.com)), members and agents can access **ESTIMATED** dividend returns that will be issued in March, 2009. Registered members can log in, go to the reports menu and select "Employer Estimated Dividend Report." Registered agents select "Agent Estimated Dividend Report by Member." This information is updated once a week and it can be saved or printed by users. If you are not currently a registered user, simply go to the website home page and click on "Need to Register" in the upper right hand corner. Again, please note that the amounts shown are **ESTIMATES** only and are not guaranteed.

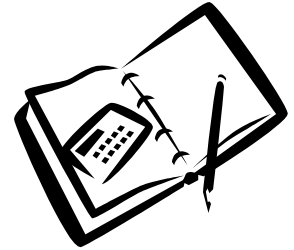
If you have any question whether your company may be eligible for a dividend paid in 2009, please contact the Fund Office at (502) 245-2007 or (800) 928-7135.

Sponsored by the Following Trade Associations:



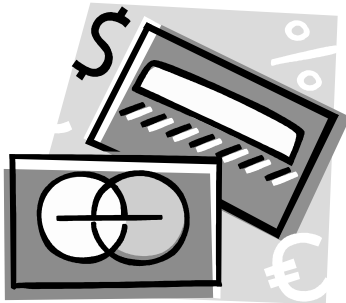
# Premium Audit Time

The Kentucky AGC/SIF has begun the annual task of conducting the workers' compensation premium audits for the 2008 year. We are committed to making this task as painless as possible for our members, but we need your cooperation in order to assure a satisfactory and equitable audit. The Fund employs the independent auditing firms of Overland Solutions, Inc. (OSI) and Chylstek and White Services (C & W), as well as Trina Haggard (the Fund's outside auditor). Please follow these helpful suggestions to make sure the audit process goes as smoothly as possible:



1. You will receive advanced written notice of the upcoming premium audit. Please utilize the time to prepare for your audit by gathering documentation for the auditor.
2. The pertinent documentation should include the following:
  - All payroll records in the form of ledgers and journals
  - All federal and state quarterly tax returns
  - All cash disbursement journals
  - All Certificates of Insurance for subcontractors used  
(Note: You will be charged premium for any subcontractor for which you do not have a Kentucky Workers' Compensation Certificate of Insurance.)
  - All 1099s
3. Prepare a list of any questions you may have about your audit before the auditor arrives.
4. Either the owner or officer of the company or bookkeeper/accountant should be present during the audit to gain a clear understanding of the process.

If you have any questions, please contact the Fund Office at (502) 245-2007 or (800) 928-7135 to speak with the Audit Department.



## Premium Made Easy

Register on the Fund's Website To

**\*\* Pay Online \*\***

The Kentucky AGC/SIF's website ([www.kyagcsif.com](http://www.kyagcsif.com)) has been used by registered agents and members since 2006. Registered agents have access to an entire listing of their members, estimated dividend returns for their members, a year-to-date premium listing for their members, and the ability to download these reports to a savable file.

Registered members have access to their loss runs, 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 can log in and pay monthly premiums through two different options. The first option is to submit the report as a "Mail-In" payment. Members enter the payroll for the month, the system calculates the monthly premium due, select the "Mail-In" option and then send a check for the total amount due for the month. This option allows members to skip calculating the monthly premium. They simply have to submit a check through the mail following submission of their online payroll report.

The second option for members to pay online is even easier. The members can pay by a **CREDIT CARD**. Members enter the monthly payroll, the system calculates the premium due, select the "Credit Card" option and then simply enter the credit card information as prompted by the computer. It is that simple!! Just a few reminders about utilizing the credit card option: Currently, the Fund accepts Visa or MasterCard, there is a 4% convenience fee added to the total premium, and you can only pay for one month per transaction. Please keep in mind that members are only able to submit a particular month's report once daily. (**COMING SOON** - Pay by electronic check from your checking account.)

If you have not registered on the Fund's website, you can do so at any time. Simply go to [www.kyagcsif.com](http://www.kyagcsif.com) and click on "Need to Register" in the upper right hand corner of the page. Follow the step by step instructions and wait for a final email stating the registration has been approved. If you do not have internet access, but still wish to use the credit card option to pay your monthly premiums, please contact the Fund Office for additional information. You can also contact the Fund Office if you have any questions regarding the above information at (502) 245-2007 or (800) 928-7135.



# Out of State Coverage

## A Few Reminders Regarding the Coverage Provided Outside of Kentucky by the Kentucky AGC/SIF

The Kentucky AGC/SIF can only provide workers' compensation coverage to **Kentucky based** companies with **regularly employed** Kentucky employees. This applies while working in Kentucky, as well as while working in other states where the Fund can provide coverage (exceptions: Florida, Illinois and New Jersey). A regularly employed Kentucky employee (REKE) can be determined using the following information:

- A REKE must be **hired IN Kentucky** by a Kentucky AGC/SIF member. (If hired from a union hall, it must be a Kentucky union hall.)
- A REKE **must work for you for a minimum of eight (8) hours IN KENTUCKY, PRIOR** to performing any work in any other state. This means they need to work on a job, located in Kentucky, or at your Kentucky place of business **FIRST**. **DO NOT** hire them and immediately send them to work in another state.
- The eight (8) hours of work must be documented by payroll records.

The Fund is **not able** to provide workers' compensation coverage **under any circumstances** for work performed in **Florida, Illinois or New Jersey**. If you are, or will be, performing any work in Florida, Illinois or New Jersey, you must secure workers' compensation policies from carriers that are admitted in the respective state in which you will be working. You can contact your agent to secure alternative means of coverage.

## West Virginia Coverage Changes



Recently a letter was sent to all members and agents regarding a change in the coverage that the Kentucky AGC/SIF is able to provide for members in the state of West Virginia. The state of West Virginia **converted** from a monopolistic (state run) workers' compensation system to a competitive system. Under this competitive system, any workers' compensation carrier must be admitted in the state of West Virginia in order to provide coverage in said state. The Kentucky AGC/SIF is **not** an admitted carrier in the state of West Virginia, so the coverage that the Kentucky AGC/SIF can provide has **changed**. Below is an excerpt from the letter sent to members and agents regarding the actual changes in coverage.

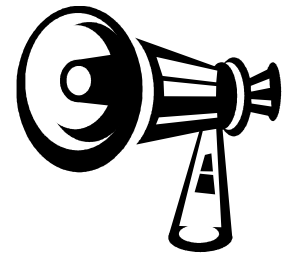
Previously, the Kentucky AGC/SIF could afford Kentucky Workers' Compensation coverage to employers working in West Virginia provided they employed regularly employed Kentucky employees while working there. Due to West Virginia's previous monopolistic status, the Fund could afford **only KENTUCKY** benefits in the event of a claim, and therefore, West Virginia did not fall under Part Three of the Fund's "Other States Group Self-Insurance."

Under the new competitive system, West Virginia law allows out of state workers' compensation insurance carriers (and group self-insurance funds such as the Kentucky AGC/SIF) to continue providing coverage in the state of West Virginia; however, it is limited to 30 days. **EFFECTIVE 02/01/09**, should a regularly employed Kentucky employee work in West Virginia for a period of thirty (30) calendar days or less in any 365 day period, the Fund can provide coverage, but benefits will continue to be limited to Kentucky benefits (according to West Virginia law). Therefore, if an employer is going to have a regularly employed Kentucky employee working in West Virginia for greater than thirty (30) calendar days in any 365 day period, said employer **MUST** secure a West Virginia workers' compensation policy. **The thirty (30) calendar days in any 365 day period do NOT have to be consecutive.**

This coverage change was effective February 1, 2009 (as previously noted above). Please contact your agent if it is determined that your company needs to secure a West Virginia workers' compensation policy. If there is a question regarding the coverage provided by the Kentucky AGC/SIF in the state of West Virginia, please feel free to contact the Fund Office at (502) 245-2007 or (800) 928-7135.



# A- “Excellent”



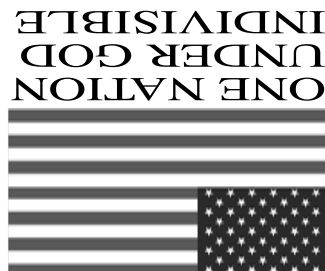
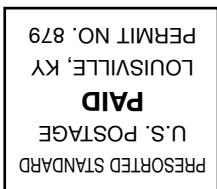
## A.M. Best Renews the Fund’s Rating for the 12th Consecutive Year

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.** Furthermore, A.M. Best has once again reaffirmed the Fund’s Rating Outlook as “stable.” This is all the more impressive given the turbulent economic times currently being experienced in not only the broader marketplace in general, but specifically in the insurance marketplace as reflected by numerous rating downgrades of traditionally reputable insurance companies.

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 policyholder surplus of \$50 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 becoming (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, 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 not to 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](http://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](http://www.kyagcsif.com).



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