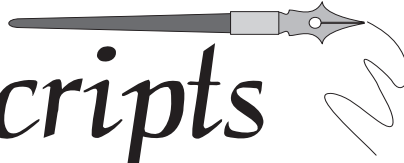


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KENTUCKY ASSOCIATED GENERAL CONTRACTORS  
SELF INSURERS' FUND NEWSLETTER  
OUR A.M. BEST RATING IS A-, "EXCELLENT"

# FundScripts



Volume 15, Number 1

2011

## Inside:

- ◆ Kentucky Child Labor Law
- ◆ Reporting Payroll

## Kentucky AGC/SIF Financial Information

In addition to the Financial Statements, as posted on the Fund's website ([www.kyagcsif.com](http://www.kyagcsif.com)), the following information is provided to you, and is a **summary** of the **2010 AUDITED FINANCIAL STATEMENT** for the Kentucky AGC/SIF:

<u>REVENUES</u>	<u>2010</u>
Premiums Earned	\$55,687,648
Net Investment Income	\$9,719,762
Net Realized Investment Gains (Losses)	\$34,195
Other	<u>\$567,290</u>
<b><u>TOTAL REVENUES</u></b>	<b><u>\$66,008,895</u></b>
<u>EXPENSES</u>	
Claims Paid and Reserved	\$35,210,776
Service Fee	\$6,030,972
Commissions	\$4,733,450
Excess Insurance Premiums	\$900,000
Loss Control	\$967,116
Premium Audits	\$593,864
Other	<u>\$1,338,330</u>
<b><u>TOTAL EXPENSES</u></b>	<b><u>\$49,774,508</u></b>
Income <b>Before</b> Dividend and Taxes	\$16,234,387
Dividends Declared to Members	\$13,200,000
Income <b>Before</b> Income Tax Expense	<u>\$3,034,387</u>
Income Tax Expense (Benefit)	\$562,872
Net Income	<u>\$2,471,515</u>

### DIVIDEND INFORMATION

<b>DIVIDENDS PAID</b> to Members in 2010 for 2005 Year:	\$7,957,615
<b>SPECIAL FUND TAX</b> returned to Members for 2005 Year:	\$716,185
<b>TOTAL DIVIDEND</b> Distribution in 2010:	\$8,673,800
<b>TOTAL PREMIUM</b> collected for 2005:	\$64,166,883
<b>% OF PREMIUM RETURNED</b> to Members:	12.4%

## Out-of-State/Cross Borders Program Update

In 2010, the Fund launched a historic program in conjunction with its Excess Insurance Carrier, the Safety National Casualty Corporation (Safety National). The purpose of the program was to provide **Out-of-State (OOS)/Cross Borders** coverage for Fund members who needed policies to cover OOS exposures for which the Fund could not provide coverage. The Fund is pleased to report that the OOS/Cross Borders Program has been an overwhelming success!

In the program's first year, a total of 85 submissions were received and processed. Of those 85 submissions, 74 were approved. Of the 74 approved, **41** policies were written by Safety National with premiums totaling **\$179,488**. Through the first quarter of 2011, **39** policies have been written with premiums totaling **\$259,809**. *States where coverage has been written include: Alabama, Florida, Georgia, Illinois, Indiana, Louisiana, Maryland, Michigan, Minnesota, Missouri, New York, North Carolina, South Carolina, Tennessee, Virginia and West Virginia.*

The Fund is excited about the future of the program, and expects continued growth in the number of policies and premiums written moving forward. In keeping with the Fund's commitment to providing its members with the most comprehensive workers' compensation product available, this program provides yet another important benefit for Fund Members to compete in today's increasingly competitive construction marketplace, along with other staple Fund benefits such as competitive rates, the potential for dividend returns, comprehensive loss control services, as well as superior claims and customer service, just to name a few.

For inquiries regarding eligibility requirements for the OOS/Cross Borders Program, please contact Marrison Barr at the Fund Office at (800) 928-7135, or visit the Fund's website at [www.kyagcsif.com](http://www.kyagcsif.com).



# Kentucky Child Labor Law

It's that time of year again...school is out!!! Over the next couple of 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 at a more economical price.

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.

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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 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.\*\***

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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 p.m. 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 Department of Labor**  
**Division of Employment Standards, Apprenticeship and Mediation**  
1047 US Hwy 127 S, Suite 4  
Frankfort, KY 40601-4381  
Phone (502)564-3070 Fax (502)564-2248  
[www.labor.ky.gov](http://www.labor.ky.gov)

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## Reporting Payroll

In this brief article, we will seek to clarify the often confusing subject of reporting payroll for your workers' compensation insurance policy. To begin, proper payroll reporting is a *crucial* part of a workers' compensation insurance policy. Payroll is the exposure basis used in determining premiums. Premiums pay the losses that are incurred under workers' compensation policies. As such, the Fund must take in the correct amount of premiums to pay claims.

So, what sources of payroll should be reported for your workers' compensation policy with the Fund? Although many types of labor exist, the reporting of the payroll for the various types of labor is the same. Laborers whose payroll should be **INCLUDED** for your workers' compensation policy with the Fund include: W-2 employees, uninsured subcontractors, contract laborers, casual laborers, 1099 laborers and laborers paid in cash. Why are all of these types of laborers included for your workers' compensation policy with the Fund? The answer is quite simple, should any of these laborers get injured, the Fund may be liable to pay the costs associated with their claims. Laborers whose payroll should be **EXCLUDED** from your workers' compensation policy with the Fund are laborers who carry their *own* Kentucky workers' compensation policies. Why are these types of laborers excluded from your workers' compensation policy with the Fund? Simply stated, the claims of these laborers should be covered by their respective workers' compensation policies, and not the Fund.

In closing, the importance of reporting the proper payroll figures cannot be stressed enough. Should you require assistance with reporting payroll for your workers' compensation insurance policy, or have any other questions regarding your policy, please contact the Fund Office at (800) 928-7135, or visit the Fund's website at [www.kyagscif.com](http://www.kyagscif.com).

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## Outside of the Norm

### Working Beyond Your Normal Scope of Operations

Due to the recent storm and flood damage experienced throughout the state of Kentucky, many companies are offering services beyond their typical scopes of operation to accommodate the demands of a large number of potential customers. For example, an electrical contractor that has a bucket truck may be asked to trim back broken tree limbs on a customer's property.

Before a company performs new operations, such as the company identified in the example, the company should determine what training needs to be implemented to perform the new operations in a safe manner. Regardless of whether or not the new operations are of a temporary nature, proper training should never be ignored. Additionally, the company should expand its safety programming to include any new policies and procedures implemented as a result of the new operations.

If you are considering performing work outside of your normal operations, please contact the Fund's loss control provider, **J.V. Resources, Inc.** at (502) 245-8485, for assistance regarding your safety training needs. Doing so may prevent unnecessary injuries, or worse, fatalities.

*FundScripts*

KY AGC Self Insurers' Fund  
P.O. Box 436949  
Louisville, KY 40253-6949  
502/245-2007



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## Hot Weather Safety

Summer is fast approaching!! With 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.

Signs of **heat cramps** include spasms and cramps in the muscles due to excessive loss of salts through sweating. Treatment: stop, take a break and drink fluids if these symptoms occur.

**Heat exhaustion** symptoms can include headache, dizziness, light headedness, weakness, dry mouth, nausea, rapid breathing and/or pale, clammy skin. Treatment: 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.** Treatment: 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 (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.