1979-2011 32 YEARS OF EXCELLENCE

KENTUCKY ASSOCIATED GENERAL CONTRACTORS SELF INSURERS' FUND NEWSLETTER

OUR A.M. BEST RATING IS A-, "EXCELLENT"

FundScripts

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Inside:

- Agents' Award Ceremony
- Annual Surcharge Answers

Dividends are Approved

$13.9 MILLION IN DIVIDENDS TO BE PAID TO KENTUCKY AGC/SIF MEMBERS

At its regularly held Board Meeting on October 25, 2011, the Kentucky AGC/SIF Board of Trustees approved the release of $13,918,314 in dividends and $904,690 in Special Fund taxes to be paid in March of 2012. This payment marks the 18th 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 2012, the total dividends and taxes that have been returned to Fund members since 1994 will be over $113 MILLION DOLLARS!

In March of 2012, dividends will be released that represent a 19.6% return of total premiums paid in for the 2007 Fund year as of October 31, 2011.

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 14, 2011, 96% of members who were in the Fund in 2007, and who remain in the Fund, are eligible for a 2012 dividend check. Here is how your company can qualify:

- $ Have been a member in the year for which the dividend is being paid (2007 year)
- $ Have a Loss Ratio of less than 100% for the year in which the dividend is being paid (2007 year)
- $ Be a CURRENT member at the time of the dividend payment (2012 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 2012. 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 question whether your company may be eligible for a dividend paid in 2012, please contact the Fund Office at (502) 245-2007.

Dividend Declared for the 2011 Year

At its regularly held Board Meeting on October 25, 2011, the Kentucky AGC/SIF Board of Trustees declared a **dividend of $8,700,000**. 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 $49.4 million. If you have any questions regarding the dividend declaration, please contact the Fund Office at (502) 245-2007.

Monthly Payroll Reporting

In these uncertain economic times, it is more important than ever to understand and take advantage of opportunities that help manage your company's cash flow. One such opportunity is available through the Fund's *monthly payroll reporting option*. Fund members with annual normal premiums equal to or greater than **$1,600.00** are eligible to report their payroll and remit premiums to the Fund on a monthly basis, rather than on an up-front annual basis. This option allows members to pay premiums monthly based upon actual payroll versus estimated payroll, thus avoiding costly discrepancies during the annual year-end payroll audit.

If your company is currently on an up-front annual payroll reporting basis, and generates annual normal premiums of equal to or greater than $1,600.00, your company IS eligible for monthly payroll reporting. To switch from annual to monthly payroll reporting for the upcoming 2012 policy year, contact your Agent or fax (502-245-6062) or e-mail a written request to Marrissa Barr in the Fund Office at mbarr@lhclaims.com.

Please note that **ALL members can pay their premium online at www.kyagcsif.com.

THE KENTUCKY AGC/SIF HONORS ITS "TOP PRODUCING" AGENTS AT ITS 14th ANNUAL AGENTS' AWARD CEREMONY

On October 24th, 2011, the Kentucky AGC/SIF's Board of Trustees, its Association Executives and its Administration came together to pay tribute to its 2010 top producing agencies at its 14th 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 2010 year. The agencies and their representatives receiving crystal awards were:

BB&T Insurance Services – Represented by Ms. Faye Miller and Mr. Joe Bauer
Neace Lukens – Represented by Mr. Steve Leist and Mr. Terry Gordon
Van Meter Insurance – Represented by Ms. Darlene Newsome and Ms. Maria Roache
Wells Fargo Insurance – Represented by Mr. Brian Ayres, Mr. Jeff Duncan 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 2010 year. The agencies and their representatives receiving gold awards were:

Brown & Brown of Kentucky – Represented by Mr. Norm Fallot
Center of Insurance – Represented by Mr. Bruce Barrick
Curneal & Hignite Insurance – Represented by Mr. Gerry Hignite and Mr. Joe Stewart
Garrett-Stotz – Represented by Mr. Drew Windhorst and Mr. Jeff Brown
Roeding Group Companies – Represented by Mr. Rob Hoenscheid
Sterling G. Thompson – Represented by Mr. Steve Thompson
Underwriters, Safety & Claims – Represented by Mr. Mike Busick
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 2010 year. This year's silver awards were presented to the following list of agencies and their representatives:

Carroll & Stone Insurance – Represented by Mr. Scott Cole and Mr. Steve Carroll
C.K. Ash & Associates – Represented by Mr. Brian Jones
Crawford Insurance – Represented by Mr. Jim Downing
E.M. Ford & Company – Represented by Mr. Lynn Holland
Energy Insurance – Represented by Mr. Jeremy Fultz and Mr. Todd Carlisle
Morgan, Trevathan & Gunn – Represented by Mr. Michael Martin
Peel & Holland Financial Group – Represented by Mr. Todd Anderson
Putnam Agency – Represented by Mr. David Lucas
Schiff, Kreidler-Shell – Represented by Mr. Chad Bilz
Van Zandt, Emrich & Cary – Represented by Mr. Bobby Neutz and Mr. Dick Burks

The seven (7) award winning agencies that were **UNABLE** to attend the ceremony this year were:

Charles M. Moore Insurance – Silver Award Recipient
GCH Insurance – Silver Award Recipient
Greater Lexington Insurance – Silver Award Recipient
Hyland, Block & Hyland – Silver Award Recipient
Logan Lavelle Hunt Insurance – Gold Award Recipient
Maverick Insurance – Silver Award Recipient
Powell-Walton-Milward – Gold Award Recipient

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.

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, the renewal billings for the upcoming 2012 policy year have been mailed. Remember, ALL Fund policies are subject to the $100 Annual Surcharge + Special Fund Tax (6.28% for 2012). 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, 2012*. 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, 2012*.

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

Good News!

Effective January 1, 2012, the Kentucky Special Fund Assessment Tax Rate will be reduced to **6.28%**! Since 2006, the Assessment Tax Rate has been 6.5%. The 6.28% rate represents 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.

2012 Rates

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 25, 2011, resolved to adjust the Fund's **"Top-40" Governing Class Code Rates**, for the upcoming 2012 year. For those rates that increased, no rate increased by more than 5%. For those rates that decreased, no rate decreased by more than 15%.

File Claims Online

The Kentucky AGC/SIF now has **ONLINE CLAIMS REPORTING** through the Fund's website, www.kyagcsif.com. This feature allows Fund members to file a workers' compensation claim First Report of Injury (Form IA-1) electronically, saving members time and improving compliance. Remember, by law, workers' compensation claims must be filed within three (3) days from the time an injured worker notifies an employer of a work related injury.

To file a workers' compensation claim online, members must log-in to the Fund's website. After logging in, members need to click on the "Employer" tab, then "File a Claim", then "File a Claim Online", complete the **First Report of Injury or Illness** form, click "Submit" and then print a copy of the completed first report of injury form for record keeping purposes.

Please be sure to have all the information to complete the first report of injury as the report CANNOT be saved and completed later.

The Fund's Claims Department requests that all workers' compensation first reports of injury claim forms be filed online. The online reporting is set up to guide members through completing the first report accurately and completely which will avoid and/or decrease delays in claims processing caused by incomplete reports. Should you have any questions regarding this information, please contact the Claims Department at (502) 245-8395.

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INDIVISIBLE

SAFETY AND EDUCATIONAL 2012 PROGRAM

During the October 25, 2011 Board of Trustees meeting, the structure for the 2012 Safety and Educational Program was unanimously passed. The Fund's Safety and Educational Program for 2012 will require all policies with an effective date through December 31, 2011 to attend, by October 31, 2012, 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, 2012 (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 2012 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 2012, please contact the Fund Office at (502) 245-2007.