

1979-2011  
32  
YEARS OF  
EXCELLENCE

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

# FundScripts



Volume 14, Number 4

2011

## Inside:

- ◆ Meet Your New Trustees
- ◆ New Corporate Officer Minimums



## Dividends Are Coming!!!

### Dividends Will Be Returned To Kentucky AGC/SIF Members For The 17th Consecutive Year

The Kentucky AGC/SIF Board of Trustees approved the release of \$11,293,572 in dividends and Special Fund tax to be paid in March of 2011 at its regularly held meeting on October 26, 2010. This dividend payment marks the 17th consecutive year that the Kentucky AGC/SIF has returned premium dollars to its members, bringing the total dividends and Special Fund tax returned to over \$99 MILLION!!

Total premium being returned to Fund members from the 2006 year is \$10,604,293 and the Special Fund Tax being returned is \$689,279, for a total return of \$11,293,572.

Dividends being released in March of 2011 represent a 15.1% return of total premiums paid in for the 2006 Fund year (as of February 28, 2011).

Historically, 94-95% of members have qualified for a dividend. As of February 28, 2011, 96% of members who were in the Fund in 2006, and who remain in the Fund, are eligible for a 2011 dividend. How do you know if you will receive a dividend check? You must meet all of the following criteria:

- \$ Have a loss ratio of less than 100% for the year in which the dividend is being paid (2006 year).
- \$ Were a member in the year for which the dividend is being paid (2006 year).
- \$ 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.

Currently 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 later this month. 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 2011, please contact the Fund Office at (502) 245-2007 or (800) 928-7135.



# Meet Your New Trustees: Bruce Chester and Doug Hacker

The Kentucky AGC/SIF's Board of Trustees is pleased to welcome two of their newest members to the Board, Bruce Chester and Doug Hacker.



## Bruce Chester

Bruce Chester was appointed to the Kentucky AGC/SIF Board by the Associated General Contractors of Western Kentucky. He began his career in the construction industry in 1978 by working for Chester O'Donley & Associates.

In 1994, Bruce became a partner of Chester O'Donley & Associates and took over the business in 1998. At that time, the company name changed to Chester Mechanical, a Fund member since 1979. He remains with the company and helps runs the day to day operations.

Bruce currently serves on the Board of Directors for the Associated General Contractors of Western Kentucky and has previously held positions of Director, Vice President and President. He was also appointed by former Governor Paul Patton to the Board of Directors for the Department of Housing, Building and Construction from 1997-2004 to serve the Division of HVAC.

Bruce and his wife, Kim, reside in Paducah with their two children. He is actively involved in his church, the Boy Scouts of America, his community, and he enjoys fishing.

## Doug Hacker

The Associated General Contractors of Kentucky appointed Doug Hacker to the Board of Trustees. Doug Hacker is the fifth generation of his family to join the construction business, as he follows the footsteps of his father and grandfather (Hacker Brothers Construction).

Doug earned his Bachelor of Science in Civil Engineering from the University of Kentucky in 1990 and began his professional career as a Project Engineer in Manchester, Kentucky. In 1993, he joined the Congleton-Hacker Company (a Fund member since 1992) and became a principal in the Congleton-Hacker Company in 2001 and remains in that position today.

Currently, Doug is President of the Associated General Contractors of Kentucky and is also on the board at the St. Joseph Hospital Foundation as the Chairman of Marketing .

Doug and his wife, Faith, currently reside in Lexington, Kentucky with their two children. His interests outside of work lie mainly in attending his children's ballgames and practices, as well as taking an occasional fishing trip.



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## Editor's Note - Correction

The **Peel & Holland Financial Group** was inadvertently not listed in the December 2010 edition of the *FundScripts* in the summary article for the Agents' Award Ceremony, which was held on October 25, 2010 at The Olmsted in Louisville, Kentucky. The Peel & Holland Financial Group was the recipient of a Silver Award which honored those agencies which produced **\$500,000** (or more) (not to exceed \$999,999) in premium for the 2009 year. Since the inception of the Agents' Award Ceremony in 1998, the Peel & Holland Financial Group has been the recipient of **twelve (12) Silver Awards**. The 2011 Agents' Award Ceremony will be held at The Olmsted in Louisville, Kentucky on Monday, October 24, 2011.



# Premium Audit Time

Time to Prepare for the 2010  
Premium Audit



The Kentucky AGC/SIF has begun the annual task of conducting the workers' compensation premium audits for the 2010 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 internal 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 have 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 someone in the Audit Department.

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## Attention Agents and Members!! Important Change Regarding The Corporate Minimum Payroll Amount

Each year, the National Council on Compensation Insurance (NCCI), with the approval of the Kentucky Department of Insurance, sets the minimum and maximum payroll amounts that can be used for premium computation purposes for officers of a corporation who have not rejected coverage (i.e., not filed a Form-4 Rejection Notice with the Kentucky Department of Workers' Claims). **These amounts are NOT set by the Kentucky AGC/SIF.** Also, these amounts typically do not vary extensively from year to year. However, the corporate minimum payroll amount for 2011 has increased significantly from 2010. In 2010, the minimum corporate payroll amount was \$334.00 per week (\$17,368.00 per year).

*For 2011, the minimum corporate payroll amount that can be used for premium computation purposes is **\$700.00 per week** (\$36,400.00 per year).*

Again, these amounts are NOT set by the Kentucky AGC/SIF. Rather, they are set by the National Council on Compensation Insurance (NCCI), approved for use by the Kentucky Department of Insurance and used by ALL workers' compensation insurance providers.

For additional information regarding this matter, you can review your *Fund Facts* (updated versions were sent on 12/14/10 to those members who joined the Kentucky AGC/SIF after 7/1/10), the *Underwriting Safety & Claims Manual* (updated versions were sent on 12/17/10 to those members who joined the Kentucky AGC/SIF before 7/1/10, as well as all participating Agents) or the Kentucky AGC/SIF's website at [www.kyagcsif.com](http://www.kyagcsif.com). Finally, should you require further explanation or have any questions, please contact the Fund Office at (800) 928-7135 and ask to speak with Marrison Barr or Nicole Ballard.

# FundScripts

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



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## A- “Excellent”

A.M. Best Renews the Fund’s Rating  
For the 14th 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.**

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 million 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).