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

FundScripts

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2014

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ANNUAL SAFETY SEMINAR

A REMINDER

It seems as though Christmas was just here, however, we are already rolling into Spring! As we move farther into 2014, it is important to remember that all companies with effective dates prior to 1/1/14 are subject to the mandatory 2-hour safety seminar requirement.

As you were notified in your new policy year information, the deadline for complying with the safety seminar requirement is October 31, 2014. Don't wait!

Training sessions are already forming. To find a training session in your area, please visit:

<http://www.kyagcsif.com/safety/seminars>.
Check this page regularly for updates throughout the year.

DOUBLING UP

DIVIDENDS WILL BE RETURNED TO
KENTUCKY AGC/SIF MEMBERS FOR THE
20TH CONSECUTIVE YEAR!

The Kentucky AGC/SIF Board of Trustees approved the release of \$8,835,873 in dividends and Special Fund taxes to be paid in March of 2014 at its regularly held meeting on October 29, 2013. This dividend payment marks the 20th consecutive year that the Kentucky AGC/SIF has returned premium dollars to its members, bringing the total dividends and Special Fund taxes paid to over \$139 MILLION!!

Total premiums being returned to Fund members from the 2009 year are \$8,296,594 and the Special Fund taxes being returned are \$539,279, bringing the total being returned back to Fund members to \$8,835,873.

Dividends being released at the end of this month represent a 14% return of total premiums paid in for the 2009 Fund year as of October 31, 2013.

Historically, 94-95% of members have qualified for a dividend check. As of October 31, 2013, 96% of members who were in the Fund in 2009 and who remain in the Fund are eligible for a 2014 dividend check. How do you know if you will receive a dividend check? You must meet the following criterion:

- ◆ Have a loss ratio of less than 100% for the year in which the dividend is being paid (2009 year)
- ◆ Were a member in the year for which the dividend is being paid (2009 year)
- ◆ Be a CURRENT member at the time of the dividend payment (2014 year)
- ◆ 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), 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 2014, please contact the Fund Office at (800) 928-7135.



NEW BLOOD FUND STAFF & VENDOR UPDATES

As many of the Fund's members are aware, the auditing firm of Chlystek & White Services, Inc. has provided third-party audit services for the Fund for many years. Each year, Chlystek & White is responsible for scheduling and completing over 4,000 audits across the Commonwealth, all by August 31! A tremendous task to say the least. In order to provide additional scheduling opportunities for its members, the Fund has acquired the services of an additional third-party auditing firm, **Midwest Technical Inspections**. So, please be aware that your company may receive a call from Midwest Technical Inspections, rather than Chlystek & White, in regards to performing your company's 2013 annual premium audit.

Additionally, in late November 2013, **Trina Haggard**, formerly the Fund's Outside Auditor, moved in-house to become the *Audit Manager*. Trina has been with the Fund since 2007, however, Trina formerly worked for the Fund in various capacities from 1992 to 2000 as well. Replacing Trina as the Fund's *Outside Auditor* is **Tom Mosgrove**. Prior to joining the Fund, Tom spent five years with the National Council on Compensation Insurance as a Quality Assurance Specialist. If you previously had Trina perform your annual premium audit, you will likely be receiving a call from Tom this year.

Should you have any questions or comments about these changes, please contact the Fund Office at (800) 928-7135.

PREMIUM AUDIT TIME TIME TO PREPARE FOR THE 2013 Premium Audit

The Kentucky AGC/SIF has begun the annual task of conducting the workers' compensation premium audits for the 2013 policy year. As always, 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 Chlystek and White Services, Inc., Midwest Technical Inspections, as well as Tom Mosgrove (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 for ALL named insureds on the policy:
 - All payroll records (including payroll records for Regularly Employed Kentucky Employees who worked out of state) in the form of ledgers and journals
 - All Out-of-State payroll records for members with Safety National policies
 - 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.



THE UNDERWRITER'S CORNER

OUT-OF-STATE/CROSS-BORDERS PROGRAM

In 2010, the Fund partnered with its excess insurance carrier, the Safety National Casualty Corporation, to form the Out-of-State/Cross Borders Program. This program was designed to offer Fund members the opportunity to obtain coverage for exposures in states other than Kentucky, and for which the Fund could not provide coverage for Regularly Employed Kentucky Employees, while allowing the member to keep their Kentucky coverage with the Fund. As of this writing, the program has received 455 submissions and written **311** policies with premiums over **\$1.4 million!** Additionally, the program has provided coverage in the following states: *Alabama, Arkansas, Florida, Georgia, Indiana, Illinois, Kansas, Louisiana, Maryland, Michigan, Minnesota, Mississippi, Missouri, New Jersey, New York, North Carolina, Pennsylvania, South Carolina, Tennessee, Texas, Virginia and West Virginia.*

In order to obtain access to the program, the following general underwriting criterion must be met:

- Must be a member of the Kentucky AGC/SIF (or plan to join)
- Class codes contemplated for the OOS/Cross-Borders program must be the same as those class codes contemplated by the member's Fund policy
- Members must have a loss ratio of $\leq 60\%$ for the past three (3) years
- Designated states only
- Limited out-of-state exposure (generally 40% or less of total annualized payroll)
- In order to begin procuring a quote for the OOS/Cross-Borders program, the following information will be needed:
 - ⇒ A completed ACORD application (completed in its ENTIRETY)
 - ⇒ Detailed description of the job or work being performed out-of-state
 - ⇒ Proposed effective date
 - ⇒ Estimated payroll by class code
 - ⇒ Three years of Kentucky and/or out-of-state experience (if applicable)
 - ⇒ Large loss details on all losses over \$50,000
 - ⇒ Current workers' compensation Experience Modification Factor
 - ⇒ Loss control reports for the two most recent inspections

For additional information, contact Nicole Tully at the Fund Office at (800) 928-7135, or ntully@kyagscif.com.

INJURY POSTING

OSHA REQUIREMENT

The Kentucky Labor Cabinet recently issued a reminder for employers to post OSHA Form 300A. OSHA Form 300A lists a summary of the total number of job-related injuries and illnesses that occurred in the previous year. The current form is for 2013 and should be posted by employers from February 1, 2014 to April 30, 2014.

Who must post the OSHA Form 300A? Employers who have 10 or more employees are required to keep injury and illness data. Some employers are exempt with certain Standard Industrial Classification (SIC). For a listing of exempt SIC codes, visit the Kentucky Department of Labor at www.labor.ky.gov/.

According to a news release by the Kentucky Labor Cabinet, "Injury and illness recordkeeping must be posted in the workplace on the OSHA Form 300A. Employers face a citation and monetary penalty if not in compliance. If a company recorded no injuries or illnesses in 2013, the employer is still required to complete and post the form."

Kentucky Labor Cabinet Secretary Larry Roberts stated, "It's an awareness and safety issue. Employers have a responsibility to their employees to let them know about the injuries of their co-workers." The form can be found at the following link:

<https://www.osha.gov/recordkeeping/RKforms.html>

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AND THE BEAT GOES ON...

**A.M. BEST RENEWS THE FUND'S RATING
FOR THE 17TH 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 policyholders' 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 joining 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, including no other self insurance groups in Kentucky. 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 to not just offer its product, but to provide a stable product and benefits.