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| **June 26, 2013**   **Update to KSBIT Members**  Dear Superintendent, School Board Member and other Members:At its June 24, 2013 meeting, the Kentucky School Boards Insurance Trust (KSBIT) Board of Directors took action on moving forward with its plan for an assessment.   The KSBIT Board thanks the members that provided feedback during this process.   After considering the member feedback, the advice of professional consultants, the long-term impact to members and all available information, the KSBIT Board voted to submit a plan to the Kentucky Department of Insurance using the novation option rather than a runoff.   This plan and any transaction under it must be approved by the Kentucky Department of Insurance before it will go into effect and before any assessment of members.  A novation transfers all existing KSBIT claims and risk to a highly rated reinsurer which will continue to make claims payments.   The Board determined that the novation will bring a resolution and finality to the liabilities of KSBIT's Workers' Compensation and Property & Liability funds, and shift the future risk to the reinsurer instead of leaving it on the members as would occur in a runoff.  Past and present members paying any assessment would have the option to make a lump-sum payment of their assessment or to take advantage of bond financing for up to 20 years.  A public hearing will be convened by the Commissioner of Insurance on the assessment plan this fall.   KSBIT members will receive further information regarding the plan and the approval process as the process continues.     In the meantime, the KSBIT information email and information phone line are available for specific questions at [www.ksbit.org](http://r20.rs6.net/tn.jsp?e=001wvt2Auw0R7oNBpxf7-JwBGJ3-gJG8hEwJ6rPunfsM04Z-jcEixiWd0Rgzof-Z7odJGrYxYesXx0UiM9eraTJSi0csKR_KGf9IeI6oB-Fb-jCz3xLDAlNCg==) or 877-208-5643. On Behalf of the KSBIT Board,    http://ih.constantcontact.com/fs199/1107588344932/img/523.jpgDoug GoforthKLC Chief Insurance Officer       |

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