

KSBIT-WC KSBIT-PL

IN REHABILITATION

Kentucky School Boards Insurance Trust
Workers Compensation & Property - Liability Funds
10400 Linn Station Road Suite 211
Louisville, KY 40223
(502) 499-6290
WWW.KSBIT-WC.COM WWW.KSBIT-PL.COM

March 21, 2019

Dear Former KSBIT Member:

When I last corresponded with you, a settlement had been reached regarding repayment of Surplus Notes issued by the KSBIT Funds and I announced an additional distribution of \$1.8 million to the Assessed Members based on that settlement. I am so pleased to share more good news for the KSBIT Members.

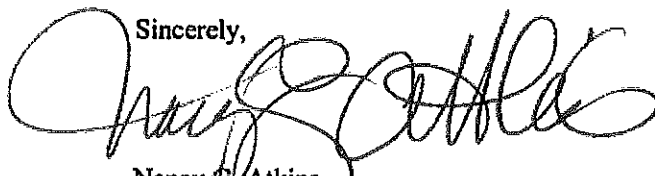
As you may recall, the Kentucky School Boards Insurance Trust Workers' Compensation Fund and the Kentucky School Boards Property and Liability Fund (collectively, the "KSBIT Funds") were placed in rehabilitation on November 15, 2013. I was appointed Rehabilitator of the KSBIT Funds, with the responsibility to wind down the business affairs in a fair and equitable way and to act in the best interest of the members. The Franklin Circuit Court also approved assessment plans to recover the projected deficit for the KSBIT Funds. The assessment plan resulted in many school districts, colleges, universities, and other education-focused groups (collectively the "Assessed Members") being assessed money so that the KSBIT Funds could pay for any workers' compensation, property, and liability claims.

As part of a 2014 plan to mitigate further losses to the KSBIT Funds, Kentucky Employers' Mutual Insurance ("KEMI") partnered with the Rehabilitator and assumed KSBIT'S workers' compensation liabilities in exchange for a monetary payment from KSBIT Members to cover the actuarially expected costs and liabilities. KEMI provided a valuable service to the schools and the Commonwealth of Kentucky during a challenging time. Rather than seek profit, KEMI agreed to return to the KSBIT Funds—for the use and benefit of KSBIT members—the amount by which the transfer payments received by KEMI exceeded the costs and expenses of the claims portfolio they assumed. Although we did not expect a refund from this arrangement, I am pleased to report that due to its successful claims handling, KEMI has proposed and the Franklin Circuit Court has approved a refund of almost \$5 million to the KSBIT Funds. I anticipate these funds will be distributed to KSBIT Members in the coming weeks.

This refund will provide needed resources as your organization or school board plans for the upcoming July 2019 installment payment. I thank KEMI for its diligence, professionalism, and commitment to the best interest of the Commonwealth and the many school districts, colleges, universities, and other education-focused groups comprising the KSBIT Members.

If you have any questions about the status of this matter or the anticipated refund, please feel free to contact Carmine G. Iaccarino, Executive Director of the Public Protection Cabinet's Office of Legal Services, at (502-564-7760.

Sincerely,



Nancy G. Atkins
Rehabilitator of the KSBIT Funds