

November 12, 2021

Governor Andrew Beshear  
700 Capitol Avenue, Suite 100  
Frankfort, Kentucky 40601

Dear Governor Beshear:

Kentucky Employers' Mutual Insurance is pleased to provide you with the enclosed Quarterly Statement as of September 30, 2021. Also, in accordance with KRS 342.821, we enclose our third quarter 2021 solvency statements.

If you have any questions concerning the materials contained herein, or require additional copies, please contact me at (859) 425-7804.

Sincerely,



Jon E. Stewart  
President & CEO

Enclosures

**KENTUCKY EMPLOYERS' MUTUAL INSURANCE AUTHORITY**  
**Statement of Admitted Assets, Liabilities and Policyholder Equity**  
**as of September 30, 2021**  
**Statutory Basis of Accounting**

**ASSETS**

Long-term bonds	\$ 959,127,514
Common stocks	54,890,676
Cash and short-term investments	16,206,658
Real estate	4,025,000
Other invested assets	4,446,535
Receivable for securities	3,000,000
Investment income due and accrued	6,620,854
Premiums in course of collection	13,898,797
Premiums deferred and not yet due	35,041,113
Policy deductibles receivable	1,721
Non-admitted premiums receivable	(7,679,710)
Reinsurance recoverable	141,872
Reinsurance deposits	750,000
Receivables for retroactive reinsurance reserves assumed	1,209,567
Electronic data processing equipment, net of depreciation	75,337

**TOTAL ASSETS** **\$ 1,091,755,934**

**LIABILITIES AND POLICYHOLDER EQUITY**

Loss reserves	\$ 601,901,831
Loss adjustment expense reserves	53,178,513
Commissions payable	10,955,175
Other expenses payable	5,392,512
Unearned premiums	64,051,470
Ceded reinsurance premiums payable	(462,581)
Funds withheld under reinsurance treaties	1,009,793
Amounts withheld or retained for others	9,628,948
Unallocated cash	671,810
Provision for reinsurance	0
Payable for securities	0
Retroactive reinsurance reserves assumed	25,115,001
Retroactive reinsurance assumed - excess funds to be returned	3,604,778
Retroactive reinsurance reserves ceded	(16,634,110)
Funds withheld on retroactive reinsurance ceded	25,235,183
Liability for projected pension benefits	11,238,677
Liability for projected retiree health insurance	0

**TOTAL LIABILITIES** **794,887,000**

**POLICYHOLDER EQUITY (beginning)** **283,404,169**

Net income / (loss)	10,597,068
Unrealized capital gain / (loss)	(1,707,101)
Change in non-admitted assets	373,344
Change in provision for reinsurance	0
Change in projected pension benefits	4,201,454
Change in projected retiree health insurance	0

**POLICYHOLDER EQUITY (ending)** **296,868,934**

**TOTAL LIABILITIES AND POLICYHOLDER EQUITY** **\$ 1,091,755,934**

**KENTUCKY EMPLOYERS' MUTUAL INSURANCE AUTHORITY**  
**Statement of Income**  
**for the nine months ended September 30, 2021**  
**Statutory Basis of Accounting**

<b>Net premiums earned</b>	<b>\$ 93,704,435</b>
<b>Deductions</b>	
Losses incurred	56,521,570
Loss expenses incurred	18,166,110
Underwriting expenses incurred	24,244,436
<b>Total deductions</b>	<b><u>98,932,116</u></b>
<b>Net underwriting gain / (loss)</b>	<b>(5,227,681)</b>
Net investment income earned	18,830,225
Net realized investment gains / (losses)	8,246,182
Net periodic pension and postretirement benefit cost	(1,958,127)
Bad debts and other income / (expenses)	<u>(902,703)</u>
<b>Net income / (loss) before policyholder dividends</b>	<b>18,987,896</b>
<b>Dividends to policyholders</b>	<b><u>(8,390,828)</u></b>
<b>NET INCOME / (LOSS) AFTER POLICYHOLDER DIVIDENDS</b>	<b>\$ <u><u>10,597,068</u></u></b>

**KENTUCKY EMPLOYERS' MUTUAL INSURANCE AUTHORITY**  
**Statement of Solvency**  
**for the nine months ended September 30, 2021**  
**Statutory Basis of Accounting**

<b>POLICYHOLDER EQUITY (beginning)</b>	<b>\$ 283,404,169</b>
Net income / (loss)	10,597,068
Unrealized capital gain / (loss)	(1,707,101)
(Increase) / decrease in non-admitted portion of furniture, fixtures, EDP equipment and software	101,248
(Increase) / decrease in uncollected premiums and agents' balances over 90 days past due	203,227
(Increase) / decrease in prepaid pension and retiree health insurance plans	(41,873)
(Increase) / decrease in other non-admitted assets	110,742
Change in provision for reinsurance	0
Change in projected liabilities for pension and retiree health insurance plans	<u>4,201,454</u>
<b>POLICYHOLDER EQUITY (ending)</b>	<b>\$ <u><u>296,868,934</u></u></b>