



250 West Main Street, Suite 900 Lexington, KY 40507-1724 859-425-7800 www.kemi.com

November 8, 2023

Mr. Mark Workman
Bacon Farmer Workman
Engineering & Testing
4545 Quail Hollow Drive
Paducah, KY 42001

Dear Mr. Workman:

KEMI continues to take pride in its financial stability and outlook for the future, and our third quarter 2023 financial statements support those positions. In accordance with KRS 342.821, we enclose some of our reports indicative of our growth and solid foundation.

We will continue to keep you apprised of our solvency position, which we expect to continue to be very positive.

Sincerely,

A handwritten signature in blue ink that reads "Jon E. Stewart". The signature is written in a cursive, flowing style.

Jon E. Stewart
President & CEO

Enclosures

KENTUCKY EMPLOYERS' MUTUAL INSURANCE AUTHORITY
Statement of Admitted Assets, Liabilities and Policyholder Equity
as of September 30, 2023
Statutory Basis of Accounting

ASSETS

Long term bonds	\$ 981,981,643
Common and preferred stocks	63,409,264
Cash and short-term investments	30,469,185
Real estate	4,025,000
Other invested assets	7,075,034
Receivable for securities	511,016
Investment income due and accrued	7,964,698
Premiums in course of collection	19,011,377
Premiums deferred and not yet due	43,243,482
Non-admitted premiums receivable	(8,723,865)
Policy deductibles receivable	1,368
Reinsurance recoverable	57,699
Reinsurance deposits	1,150,000
Electronic data processing equipment, net of depreciation	178,419

TOTAL ASSETS **\$ 1,150,354,320**

LIABILITIES AND POLICYHOLDER EQUITY

Loss reserves	\$ 612,956,854
Loss adjustment expense reserves	53,144,024
Commissions payable	12,659,040
Other expenses payable	5,447,117
Unearned premiums	69,822,066
Ceded reinsurance premiums payable	(979,940)
Funds withheld under reinsurance treaties	1,601,183
Amounts withheld or retained for others	12,618,901
Unallocated cash	870,349
Provision for reinsurance	0
Payable for securities	0
Retroactive reinsurance reserves assumed	32,774,238
Funds withheld on retroactive reinsurance ceded	1,932,640
Liability for projected pension benefits	0
Liability for projected retiree health insurance	0

TOTAL LIABILITIES **802,846,472**

POLICYHOLDER EQUITY (beginning) **336,891,904**

Net income / (loss)	13,299,686
Unrealized capital gain / (loss)	(4,187,044)
Change in non-admitted assets	(5,309,839)
Change in provision for reinsurance	0
Change in projected pension benefits	6,813,141
Change in projected retiree health insurance	0

POLICYHOLDER EQUITY (ending) **347,507,848**

TOTAL LIABILITIES AND POLICYHOLDER EQUITY **\$ 1,150,354,320**

KENTUCKY EMPLOYERS' MUTUAL INSURANCE AUTHORITY
Statement of Income
for the nine months ended September 30, 2023
Statutory Basis of Accounting

Net premiums earned	\$ 114,645,930
Deductions	
Losses incurred	59,559,691
Loss expenses incurred	21,873,366
Underwriting expenses incurred	27,888,398
Total deductions	<u>109,321,455</u>
Net underwriting gain / (loss)	5,324,475
Net investment income earned	25,801,945
Net realized investment gains / (losses)	1,232,988
Net periodic pension and postretirement benefit cost	(2,982,773)
Bad debts and other income / (expenses)	<u>(618,905)</u>
Net income / (loss) before policyholder dividends	28,757,730
Dividends to policyholders	<u>(15,458,044)</u>
NET INCOME / (LOSS) AFTER POLICYHOLDER DIVIDENDS	\$ <u><u>13,299,686</u></u>

KENTUCKY EMPLOYERS' MUTUAL INSURANCE AUTHORITY
Statement of Solvency
for the nine months ended September 30, 2023
Statutory Basis of Accounting

POLICYHOLDER EQUITY (beginning)	\$ 336,891,904
Net income / (loss)	13,299,686
Unrealized capital gain / (loss)	(4,187,044)
(Increase) / decrease in non-admitted portion of furniture, fixtures, EDP equipment and software	35,990
(Increase) / decrease in uncollected premiums and agents' balances over 90 days past due	(1,314,936)
(Increase) / decrease in prepaid pension and retiree health insurance plans	(3,817,227)
(Increase) / decrease in other non-admitted assets	(213,666)
Change in provision for reinsurance	0
Change in projected liabilities for pension and retiree health insurance plans	<u>6,813,141</u>
POLICYHOLDER EQUITY (ending)	\$ <u><u>347,507,848</u></u>