

November 11, 2022

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, 2022. Also, in accordance with KRS 342.821, we enclose our third quarter 2022 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, 2022
Statutory Basis of Accounting

ASSETS

Long term bonds	\$ 973,106,186
Common and preferred stocks	55,481,048
Cash and short-term investments	22,101,543
Real estate	4,025,000
Other invested assets	11,912,686
Receivable for securities	1,454,386
Investment income due and accrued	7,410,698
Premiums in course of collection	15,808,739
Premiums deferred and not yet due	38,228,933
Non-admitted premiums receivable	(7,690,660)
Policy deductibles receivable	676
Reinsurance recoverable	28,306
Reinsurance deposits	750,000
Electronic data processing equipment, net of depreciation	77,185

TOTAL ASSETS **\$ 1,122,694,726**

LIABILITIES AND POLICYHOLDER EQUITY

Loss reserves	\$ 608,795,171
Loss adjustment expense reserves	52,464,390
Commissions payable	11,695,391
Other expenses payable	5,096,026
Unearned premiums	66,316,921
Ceded reinsurance premiums payable	(1,051,826)
Funds withheld under reinsurance treaties	1,348,137
Amounts withheld or retained for others	11,060,781
Unallocated cash	991,997
Provision for reinsurance	0
Payable for securities	0
Retroactive reinsurance reserves assumed	37,516,862
Retroactive reinsurance assumed - excess funds to be returned	2,279,865
Retroactive reinsurance reserves ceded	(18,228,061)
Funds withheld on retroactive reinsurance ceded	28,963,689
Liability for projected pension benefits	8,075,924
Liability for projected retiree health insurance	0

TOTAL LIABILITIES **815,325,267**

POLICYHOLDER EQUITY (beginning) **310,770,840**

Net income / (loss)	8,045,907
Unrealized capital gain / (loss)	(15,525,933)
Change in non-admitted assets	1,877,191
Change in provision for reinsurance	0
Change in projected pension benefits	2,201,454
Change in projected retiree health insurance	0

POLICYHOLDER EQUITY (ending) **307,369,459**

TOTAL LIABILITIES AND POLICYHOLDER EQUITY **\$ 1,122,694,726**

KENTUCKY EMPLOYERS' MUTUAL INSURANCE AUTHORITY
Statement of Income
for the nine months ended September 30, 2022
Statutory Basis of Accounting

Net premiums earned	\$ 102,650,759
Deductions	
Losses incurred	62,057,704
Loss expenses incurred	19,159,931
Underwriting expenses incurred	25,373,862
Total deductions	<u>106,591,497</u>
Net underwriting gain / (loss)	(3,940,738)
Net investment income earned	21,833,042
Net realized investment gains / (losses)	459,745
Net periodic pension and postretirement benefit cost	(1,405,262)
Bad debts and other income / (expenses)	<u>(1,115,926)</u>
Net income / (loss) before policyholder dividends	15,830,861
Dividends to policyholders	<u>(7,784,954)</u>
NET INCOME / (LOSS) AFTER POLICYHOLDER DIVIDENDS	\$ <u><u>8,045,907</u></u>

KENTUCKY EMPLOYERS' MUTUAL INSURANCE AUTHORITY
Statement of Solvency
for the nine months ended September 30, 2022
Statutory Basis of Accounting

POLICYHOLDER EQUITY (beginning)	\$ 310,770,840
Net income / (loss)	8,045,907
Unrealized capital gain / (loss)	(15,525,933)
(Increase) / decrease in non-admitted portion of furniture, fixtures, EDP equipment and software	52,861
(Increase) / decrease in uncollected premiums and agents' balances over 90 days past due	456,681
(Increase) / decrease in prepaid pension and retiree health insurance plans	1,405,262
(Increase) / decrease in other non-admitted assets	(37,613)
Change in provision for reinsurance	0
Change in projected liabilities for pension and retiree health insurance plans	<u>2,201,454</u>
POLICYHOLDER EQUITY (ending)	\$ <u><u>307,369,459</u></u>