



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

May 10, 2024

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 first quarter 2024 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 black ink that reads "Jon E. Stewart". The signature is written in a cursive style with a large initial 'J'.

Jon E. Stewart
President & CEO

Enclosures

KENTUCKY EMPLOYERS' MUTUAL INSURANCE AUTHORITY
Statement of Admitted Assets, Liabilities and Policyholder Equity
as of March 31, 2024
Statutory Basis of Accounting

ASSETS

Long term bonds	\$ 993,856,355
Common and preferred stocks	73,925,775
Cash and short-term investments	30,005,861
Real estate	4,025,000
Other invested assets	14,031,509
Receivable for securities	5,971
Investment income due and accrued	8,407,030
Premiums in course of collection	22,795,628
Premiums deferred and not yet due	43,754,215
Non-admitted premiums receivable	(11,388,744)
Policy deductibles receivable	10,271
Reinsurance recoverable	8,854
Reinsurance deposits	1,770,000
Electronic data processing equipment, net of depreciation	133,426

TOTAL ASSETS **\$ 1,181,341,151**

LIABILITIES AND POLICYHOLDER EQUITY

Loss reserves	\$ 619,275,953
Loss adjustment expense reserves	53,997,702
Commissions payable	14,201,006
Other expenses payable	4,554,532
Unearned premiums	64,951,508
Ceded reinsurance premiums payable	(1,802,160)
Funds withheld under reinsurance treaties	1,955,317
Amounts withheld or retained for others	12,637,799
Unallocated cash	943,343
Provision for reinsurance	119,695
Payable for securities	2,999,164
Retroactive reinsurance reserves assumed	31,754,170
Funds withheld on retroactive reinsurance ceded	2,243,977
Liability for projected pension benefits	0
Liability for projected retiree health insurance	0

TOTAL LIABILITIES **807,832,006**

POLICYHOLDER EQUITY (beginning) **363,020,252**

Net income / (loss)	7,534,458
Unrealized capital gain / (loss)	4,178,314
Change in non-admitted assets	(1,223,879)
Change in provision for reinsurance	0
Change in projected pension benefits	0
Change in projected retiree health insurance	0

POLICYHOLDER EQUITY (ending) **373,509,145**

TOTAL LIABILITIES AND POLICYHOLDER EQUITY **\$ 1,181,341,151**

KENTUCKY EMPLOYERS' MUTUAL INSURANCE AUTHORITY
Statement of Income
for the three months ended March 31, 2024
Statutory Basis of Accounting

Net premiums earned	\$	37,077,648
Deductions		
Losses incurred		20,452,811
Loss expenses incurred		8,750,545
Underwriting expenses incurred		8,191,887
Total deductions		<u>37,395,243</u>
Net underwriting gain / (loss)		(317,595)
Net investment income earned		8,926,784
Net realized investment gains / (losses)		314,750
Net periodic pension and postretirement benefit cost		(866,602)
Bad debts and other income / (expenses)		<u>(522,879)</u>
Net income / (loss) before policyholder dividends		7,534,458
Dividends to policyholders		<u>0</u>
NET INCOME / (LOSS) AFTER POLICYHOLDER DIVIDENDS	\$	<u><u>7,534,458</u></u>

KENTUCKY EMPLOYERS' MUTUAL INSURANCE AUTHORITY
Statement of Solvency
for the three months ended March 31, 2024
Statutory Basis of Accounting

POLICYHOLDER EQUITY (beginning)	\$	363,020,252
Net income / (loss)		7,534,458
Unrealized capital gain / (loss)		4,178,314
(Increase) / decrease in non-admitted portion of furniture, fixtures, EDP equipment and software		15,362
(Increase) / decrease in uncollected premiums and agents' balances over 90 days past due		(2,067,078)
(Increase) / decrease in prepaid pension and retiree health insurance plans		866,602
(Increase) / decrease in other non-admitted assets		(38,765)
Change in provision for reinsurance		0
Change in projected liabilities for pension and retiree health insurance plans		<u>0</u>
POLICYHOLDER EQUITY (ending)	\$	<u>373,509,145</u>