

**QUARTERLY STATEMENT**

**OF THE**

**KENTUCKY EMPLOYERS'  
MUTUAL INSURANCE  
AUTHORITY**

**OF**

**Lexington, Kentucky**

**TO THE**

**Commissioner of the Department of Insurance**

**OF THE**

**Commonwealth of Kentucky**

**FOR THE QUARTER ENDED  
JUNE 30, 2021**

**PROPERTY AND CASUALTY**

**2021**



PROPERTY AND CASUALTY COMPANIES - ASSOCIATION EDITION

QUARTERLY STATEMENT

AS OF JUNE 30, 2021

OF THE CONDITION AND AFFAIRS OF THE

KENTUCKY EMPLOYERS' MUTUAL INSURANCE AUTHORITY

NAIC Group Code (Current) (Prior) NAIC Company Code 10320 Employer's ID Number 61-1275981

Organized under the Laws of Kentucky, State of Domicile or Port of Entry KY

Country of Domicile United States of America

Incorporated/Organized 04/04/1994 Commenced Business 09/01/1995

Statutory Home Office 250 West Main Street, Suite 900 Lexington, KY, US 40507-1724

Main Administrative Office 250 West Main Street, Suite 900 Lexington, KY, US 40507-1724 859-425-7800

Mail Address 250 West Main Street, Suite 900 Lexington, KY, US 40507-1724

Primary Location of Books and Records 250 West Main Street, Suite 900 Lexington, KY, US 40507-1724 859-425-7800

Internet Website Address www.kemi.com

Statutory Statement Contact Jon Edward Stewart 859-425-7800 jstewart@kemi.com 859-425-7850

OFFICERS

President & Chief Executive Officer Jon Edward Stewart Vice President & General Counsel Timothy Culver Feld Vice President & Chief Financial Officer Mark David Bunning Vice President Strategy, Innovation & Marketing Elizabeth Angela Paul

OTHER

Jeremy Lynn Terry, Vice President Policyholder Services Mary Churchill Colvin, Vice President Claims Services

DIRECTORS OR TRUSTEES

Rodney Wayne Casada Lisa Shearer Clark Brian Thomas Evans Jr Rebecca Ann Johnson Hedgspeth Holly McCoy - Johnson Joseph John Koester Larry Lee Roberts Gerina Diana Whethers Kellie Denise Wilson Mark Anthony Workman

State of Kentucky SS: County of Fayette

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Jon Edward Stewart President & Chief Executive Officer

Mark David Bunning Vice President & Chief Financial Officer

Timothy Culver Feld Vice President & General Counsel

Subscribed and sworn to before me this day of

- a. Is this an original filing? Yes [ X ] No [ ] b. If no, 1. State the amendment number..... 2. Date filed ..... 3. Number of pages attached.....

STATEMENT AS OF JUNE 30, 2021 OF THE KENTUCKY EMPLOYERS' MUTUAL INSURANCE AUTHORITY

**ASSETS**

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds .....	962,531,499		962,531,499	957,463,822
2. Stocks:				
2.1 Preferred stocks .....				
2.2 Common stocks .....	50,925,714		50,925,714	58,480,389
3. Mortgage loans on real estate:				
3.1 First liens .....				
3.2 Other than first liens.....				
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances) .....				
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....				
4.3 Properties held for sale (less \$ encumbrances) .....	4,025,000		4,025,000	4,025,000
5. Cash (\$ .....7,758,040 ), cash equivalents (\$ .....34,990,182 ) and short-term investments (\$ ..... ) .....	42,748,222		42,748,222	19,537,278
6. Contract loans (including \$ ..... premium notes) .....				
7. Derivatives .....				
8. Other invested assets .....	4,446,535		4,446,535	3,154,809
9. Receivables for securities .....				
10. Securities lending reinvested collateral assets .....				
11. Aggregate write-ins for invested assets .....				
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	1,064,676,970		1,064,676,970	1,042,661,298
13. Title plants less \$ ..... charged off (for Title insurers only) .....				
14. Investment income due and accrued .....	6,419,771		6,419,771	6,317,386
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	23,137,166	7,366,485	15,770,681	8,807,782
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ .....2,712,082 earned but unbilled premiums) .....	16,441,240	549,962	15,891,278	31,779,855
15.3 Accrued retrospective premiums (\$ ..... ) and contracts subject to redetermination (\$ ..... ) .....				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	114,459		114,459	637,970
16.2 Funds held by or deposited with reinsured companies .....	750,000		750,000	750,000
16.3 Other amounts receivable under reinsurance contracts .....				
17. Amounts receivable relating to uninsured plans .....				
18.1 Current federal and foreign income tax recoverable and interest thereon .....				
18.2 Net deferred tax asset .....				
19. Guaranty funds receivable or on deposit .....				
20. Electronic data processing equipment and software .....	106,788	6,185	100,603	151,137
21. Furniture and equipment, including health care delivery assets (\$ ..... ) .....	386,510	386,510		
22. Net adjustment in assets and liabilities due to foreign exchange rates .....				
23. Receivables from parent, subsidiaries and affiliates .....				
24. Health care (\$ ..... ) and other amounts receivable .....	267,435	267,435		
25. Aggregate write-ins for other than invested assets .....	10,550,190	9,451,832	1,098,358	2,028,573
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	1,122,850,529	18,028,409	1,104,822,120	1,093,134,001
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
28. Total (Lines 26 and 27)	1,122,850,529	18,028,409	1,104,822,120	1,093,134,001
<b>DETAILS OF WRITE-INS</b>				
1101. ....				
1102. ....				
1103. ....				
1198. Summary of remaining write-ins for Line 11 from overflow page .....				
1199. Totals (Lines 1101 through 1103 plus 1198)(Line 11 above)				
2501. Receivables for Retroactive Reinsurance Reserves Assumed .....	1,096,331		1,096,331	2,024,016
2502. Policy Deductibles Receivable .....	2,027		2,027	4,557
2503. TPA Advances .....	58,710	58,710		
2598. Summary of remaining write-ins for Line 25 from overflow page .....	9,393,122	9,393,122		
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	10,550,190	9,451,832	1,098,358	2,028,573

STATEMENT AS OF JUNE 30, 2021 OF THE KENTUCKY EMPLOYERS' MUTUAL INSURANCE AUTHORITY  
**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$ 35,745,698 )	599,010,705	600,610,041
2. Reinsurance payable on paid losses and loss adjustment expenses		
3. Loss adjustment expenses	53,247,625	52,396,302
4. Commissions payable, contingent commissions and other similar charges	11,383,750	11,188,254
5. Other expenses (excluding taxes, licenses and fees)	4,486,669	4,856,407
6. Taxes, licenses and fees (excluding federal and foreign income taxes)		
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))		
7.2 Net deferred tax liability		
8. Borrowed money \$ and interest thereon \$		
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ 226,410 and including warranty reserves of \$ and accrued accident and health experience rating refunds including \$ for medical loss ratio rebate per the Public Health Service Act)	50,534,390	56,596,040
10. Advance premium		
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)	(764,696)	(102,810)
13. Funds held by company under reinsurance treaties	1,084,966	1,179,425
14. Amounts withheld or retained by company for account of others	8,328,200	7,680,342
15. Remittances and items not allocated	773,306	652,187
16. Provision for reinsurance (including \$ certified)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates		
20. Derivatives		
21. Payable for securities	2,516,288	1,150,000
22. Payable for securities lending		
23. Liability for amounts held under uninsured plans		
24. Capital notes \$ and interest thereon \$		
25. Aggregate write-ins for liabilities	69,247,793	73,523,644
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	799,848,996	809,729,832
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	799,848,996	809,729,832
29. Aggregate write-ins for special surplus funds		
30. Common capital stock		
31. Preferred capital stock		
32. Aggregate write-ins for other than special surplus funds		
33. Surplus notes		
34. Gross paid in and contributed surplus		
35. Unassigned funds (surplus)	304,973,124	283,404,169
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 30 \$ )		
36.2 shares preferred (value included in Line 31 \$ )		
37. Surplus as regards policyholders (Lines 29 to 35, less 36)	304,973,124	283,404,169
38. Totals (Page 2, Line 28, Col. 3)	1,104,822,120	1,093,134,001
<b>DETAILS OF WRITE-INS</b>		
2501. Retroactive Reinsurance Reserves Assumed	26,782,737	29,275,852
2502. Excess Loss Portfolio Funds to be Returned	22,414,538	21,763,270
2503. Retroactive Reinsurance Reserve Ceded	(15,952,085)	(15,223,789)
2598. Summary of remaining write-ins for Line 25 from overflow page	36,002,603	37,708,311
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	69,247,793	73,523,644
2901.		
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page		
2999. Totals (Lines 2901 through 2903 plus 2998)(Line 29 above)		
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page		
3299. Totals (Lines 3201 through 3203 plus 3298)(Line 32 above)		

**STATEMENT OF INCOME**

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
<b>UNDERWRITING INCOME</b>			
1. Premiums earned:			
1.1 Direct (written \$ 55,925,730 )	61,935,429	69,282,107	133,029,651
1.2 Assumed (written \$ 2,016,334 )	2,141,681	1,584,726	3,095,329
1.3 Ceded (written \$ 2,633,279 )	2,959,857	2,597,064	5,033,645
1.4 Net (written \$ 55,308,785 )	61,117,253	68,269,769	131,091,335
<b>DEDUCTIONS:</b>			
2. Losses incurred (current accident year \$ 40,427,002 ):			
2.1 Direct	34,630,923	41,605,938	68,441,235
2.2 Assumed	2,016,406	684,641	2,297,962
2.3 Ceded	1,886,374	961,323	1,184,062
2.4 Net	34,760,955	41,329,256	69,555,135
3. Loss adjustment expenses incurred	12,459,326	11,156,928	21,530,800
4. Other underwriting expenses incurred	14,596,707	14,146,592	29,224,282
5. Aggregate write-ins for underwriting deductions			
6. Total underwriting deductions (Lines 2 through 5)	61,816,988	66,632,776	120,310,217
7. Net income of protected cells			
8. Net underwriting gain or (loss) (Line 1 minus Line 6 + Line 7)	(699,735)	1,636,993	10,781,118
<b>INVESTMENT INCOME</b>			
9. Net investment income earned	15,602,184	13,215,780	25,512,693
10. Net realized capital gains (losses) less capital gains tax of \$	5,299,703	787,916	3,794,640
11. Net investment gain (loss) (Lines 9 + 10)	20,901,887	14,003,696	29,307,333
<b>OTHER INCOME</b>			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 49,436 amount charged off \$ 629,853 )	(580,417)	(1,693,079)	(2,636,757)
13. Finance and service charges not included in premiums	540	280	440
14. Aggregate write-ins for miscellaneous income	(1,261,402)	(1,247,982)	(6,843,579)
15. Total other income (Lines 12 through 14)	(1,841,279)	(2,940,781)	(9,479,896)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	18,360,873	12,699,908	30,608,555
17. Dividends to policyholders			8,077,788
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	18,360,873	12,699,908	22,530,767
19. Federal and foreign income taxes incurred			
20. Net income (Line 18 minus Line 19)(to Line 22)	18,360,873	12,699,908	22,530,767
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
21. Surplus as regards policyholders, December 31 prior year	283,404,169	261,724,563	261,724,563
22. Net income (from Line 20)	18,360,873	12,699,908	22,530,767
23. Net transfers (to) from Protected Cell accounts			
24. Change in net unrealized capital gains (losses) less capital gains tax of \$	366,233	(8,215,994)	750,995
25. Change in net unrealized foreign exchange capital gain (loss)			
26. Change in net deferred income tax			
27. Change in nonadmitted assets	(625,787)	763,317	2,295,573
28. Change in provision for reinsurance			
29. Change in surplus notes			
30. Surplus (contributed to) withdrawn from protected cells			
31. Cumulative effect of changes in accounting principles			
32. Capital changes:			
32.1 Paid in			
32.2 Transferred from surplus (Stock Dividend)			
32.3 Transferred to surplus			
33. Surplus adjustments:			
33.1 Paid in			
33.2 Transferred to capital (Stock Dividend)			
33.3 Transferred from capital			
34. Net remittances from or (to) Home Office			
35. Dividends to stockholders			
36. Change in treasury stock			
37. Aggregate write-ins for gains and losses in surplus	3,467,636	1,654,626	(3,897,729)
38. Change in surplus as regards policyholders (Lines 22 through 37)	21,568,955	6,901,857	21,679,606
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	304,973,124	268,626,420	283,404,169
<b>DETAILS OF WRITE-INS</b>			
0501. ....			
0502. ....			
0503. ....			
0598. Summary of remaining write-ins for Line 5 from overflow page			
0599. Totals (Lines 0501 through 0503 plus 0598)(Line 5 above)			
1401. Net Periodic Pension Cost	(1,252,520)	(1,115,499)	(2,258,613)
1402. Net Periodic Retiree Health Insurance Cost	(8,882)	(132,483)	(264,966)
1403. Retroactive Reinsurance Ceded Expense			(4,320,000)
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. Totals (Lines 1401 through 1403 plus 1498)(Line 14 above)	(1,261,402)	(1,247,982)	(6,843,579)
3701. Change in Projected Pension Benefits	3,467,636	1,467,636	(4,366,283)
3702. Change in Projected Retiree Health Insurance		186,990	468,554
3703. ....			
3798. Summary of remaining write-ins for Line 37 from overflow page			
3799. Totals (Lines 3701 through 3703 plus 3798)(Line 37 above)	3,467,636	1,654,626	(3,897,729)

## STATEMENT AS OF JUNE 30, 2021 OF THE KENTUCKY EMPLOYERS' MUTUAL INSURANCE AUTHORITY

**CASH FLOW**

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
<b>Cash from Operations</b>			
1. Premiums collected net of reinsurance .....	63,285,884	64,775,311	128,693,406
2. Net investment income .....	18,106,024	16,237,234	31,931,117
3. Miscellaneous income .....	(1,841,279)	(2,940,781)	(9,479,896)
4. Total (Lines 1 to 3) .....	79,550,629	78,071,764	151,144,627
5. Benefit and loss related payments .....	35,836,780	42,384,895	81,799,196
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			
7. Commissions, expenses paid and aggregate write-ins for deductions .....	26,262,491	27,766,329	51,337,688
8. Dividends paid to policyholders .....			8,077,788
9. Federal and foreign income taxes paid (recovered) net of \$ ..... tax on capital gains (losses) .....			
10. Total (Lines 5 through 9) .....	62,099,271	70,151,224	141,214,672
11. Net cash from operations (Line 4 minus Line 10) .....	17,451,358	7,920,540	9,929,955
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds .....	108,806,047	99,739,918	217,445,902
12.2 Stocks .....	30,313,679	10,479,651	24,260,676
12.3 Mortgage loans .....			
12.4 Real estate .....			
12.5 Other invested assets .....	10,764		386,504
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....			
12.7 Miscellaneous proceeds .....	1,366,288	12,153,432	1,150,007
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	140,496,778	122,373,001	243,243,089
13. Cost of investments acquired (long-term only):			
13.1 Bonds .....	116,470,670	111,355,762	234,873,476
13.2 Stocks .....	15,598,971	11,457,269	26,045,563
13.3 Mortgage loans .....			
13.4 Real estate .....			
13.5 Other invested assets .....	1,291,726		3,154,809
13.6 Miscellaneous applications .....		1,496,511	
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	133,361,367	124,309,542	264,073,848
14. Net increase (or decrease) in contract loans and premium notes .....			
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14) .....	7,135,411	(1,936,541)	(20,830,759)
<b>Cash from Financing and Miscellaneous Sources</b>			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes .....			
16.2 Capital and paid in surplus, less treasury stock .....			
16.3 Borrowed funds .....			
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....			
16.5 Dividends to stockholders .....			
16.6 Other cash provided (applied) .....	(1,375,825)	(6,337,701)	(13,297,158)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6) .....	(1,375,825)	(6,337,701)	(13,297,158)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	23,210,944	(353,702)	(24,197,962)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year .....	19,537,278	43,735,240	43,735,240
19.2 End of period (Line 18 plus Line 19.1) .....	42,748,222	43,381,538	19,537,278

Note: Supplemental disclosures of cash flow information for non-cash transactions:

## NOTES TO FINANCIAL STATEMENTS

**NOTE 1 Summary of Significant Accounting Policies and Going Concern**
**A. Accounting Practices**

The accompanying financial statements of Kentucky Employers' Mutual Insurance Authority ("KEMI") have been prepared on the basis of accounting practices prescribed or permitted by the Department of Insurance of the Commonwealth of Kentucky. The Commonwealth of Kentucky requires insurance companies domiciled in the state to prepare their statutory basis financial statements in accordance with the National Association of Insurance Commissioners Accounting Practices and Procedures Manual ("NAIC SAP"), subject to any deviations prescribed or permitted by the Department of Insurance of the Commonwealth of Kentucky. KEMI employs no accounting practices that depart from NAIC SAP. Further, there have been no significant changes to KEMI's accounting policies during the year.

	SSAP #	F/S Page	F/S Line #	2021	2020
NET INCOME					
(1) State Basis (Page 4, Line 20, Columns 1 & 2)	XXX	XXX	XXX	\$ 18,360,873	\$ 22,530,767
(2) State Prescribed Practices that are an increase/(decrease) from NAIC SAP:					
(3) State Permitted Practices that are an increase/(decrease) from NAIC SAP:					
(4) NAIC SAP (1-2-3=4)	XXX	XXX	XXX	<u>\$ 18,360,873</u>	<u>\$ 22,530,767</u>
SURPLUS					
(5) State Basis (Page 3, Line 37, Columns 1 & 2)	XXX	XXX	XXX	\$ 304,973,124	\$ 283,404,169
(6) State Prescribed Practices that are an increase/(decrease) from NAIC SAP:					
(7) State Permitted Practices that are an increase/(decrease) from NAIC SAP:					
(8) NAIC SAP (5-6-7=8)	XXX	XXX	XXX	<u>\$ 304,973,124</u>	<u>\$ 283,404,169</u>

**B. Use of Estimates in the Preparation of the Financial Statements**

The preparation of financial statements in accordance with Statutory Accounting Principles requires management to make estimates and assumptions that affect the amounts of assets and liabilities reported in these financial statements and accompanying notes. It also requires disclosure of contingent assets and liabilities as of the date of the financial statements. Actual results could differ from these estimates.

**C. Accounting Policies**

- (2) Investment grade bonds not backed by other loans are stated at amortized cost using the interest method. Non-investment grade bonds with NAIC designations of 3 through 6, if any, are stated at the lower of amortized cost or fair value. Measurement methods are consistent from year to year.
- (6) U.S. government agency loan-backed and structured securities are stated at amortized cost. Other loan-backed and structured securities are stated at either amortized cost or fair value based on a number of factors, including: the type of underlying collateral, whether modeled by an NAIC vendor, whether rated (by either an NAIC approved rating organization or the NAIC Securities Valuation Office), and the relationship of amortized cost to par value and amortized cost to fair value.

**D. Going Concern**

Based upon its evaluation of relevant conditions and events, management is confident of KEMI's ability to continue as a going concern.

**NOTE 2 Accounting Changes and Corrections of Errors**

Not applicable.

**NOTE 3 Business Combinations and Goodwill**
**A. Statutory Purchase Method**

Not applicable.

**B. Statutory Merger**

Not applicable.

**C. Impairment Loss**

Not applicable.

**NOTE 4 Discontinued Operations**
**A. Discontinued Operation Disposed of or Classified as Held for Sale**

Not applicable.

**B. Change in Plan of Sale of Discontinued Operation**

Not applicable.

**C. Nature of Any Significant Continuing Involvement with Discontinued Operations After Disposal**

Not applicable.

**D. Equity Interest Retained in the Discontinued Operation After Disposal**

Not applicable.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5 Investments

A. Mortgage Loans, Including Mezzanine Real Estate Loans

Not applicable.

B. Debt Restructuring

Not applicable.

C. Reverse Mortgages

Not applicable.

D. Loan-Backed Securities

- (1) For fixed-rate agency mortgage-backed securities, KEMI's investment managers calculate prepayment speeds utilizing Mortgage Industry Advisory Corporation (MIAC) Mortgage Industry Medians (MIMs). MIMs are derived from a semi-monthly dealer consensus survey of long-term prepayment projections. For other mortgage-backed, loan-backed, and structured securities, KEMI's investment managers use prepayment assumptions from Moody's Analytics. Moody's applies a flat economic credit model and utilizes a vector of multiple monthly speeds as opposed to a single speed for more robust projections. In instances where Moody's projections are not available, KEMI's investment managers use data from Reuters, which utilizes the median prepayment speed from contributors' models. Cash flows are reported to KEMI on a monthly basis.
- (2) KEMI recognized no other-than-temporary impairments for loan-backed and structured securities during the year because it has the ability and intent to retain these assets until fair market values recover.
- (3) KEMI held no loan-backed and structured securities with a recognized other-than-temporary impairment at the end of the period.
- (4) As part of its investment strategy KEMI holds investments in loan-backed securities and, therefore, KEMI has subprime risk exposure related to these investments. These securities subject KEMI to unrealized gains and losses due to changes in asset values; future sales could result in realized losses and a reduction of future cash flows. At the end of the period, none of KEMI's loan-backed securities were considered subprime. KEMI mitigates its subprime risk by adhering to conservative investment strategies and by actively monitoring investment performance.

Loan-backed securities in unrealized loss positions at the end of the period, stratified based on the length of time continuously in these unrealized loss positions, were as follows:

a) The aggregate amount of unrealized losses:

1. Less than 12 Months	\$	1,084,890
2. 12 Months or Longer	\$	31,814

b) The aggregate related fair value of securities with unrealized losses:

1. Less than 12 Months	\$	82,190,620
2. 12 Months or Longer	\$	5,150,776

- (5) A number of factors are considered in determining whether or not there is an other-than-temporary impairment on an investment including, but not limited to, debt burden, credit ratings, sector, liquidity, financial flexibility, company management, expected earnings, cash flow stream, and economic prospects associated with the investment. All investments in an unrealized loss position are considered. As the magnitude of the loss increases, so does the degree of analysis in determining if an other-than-temporary impairment exists. It is possible that the company could recognize other-than-temporary impairments in the future on some of these securities that are currently in an unrealized loss position if future events, information and the passage of time cause it to conclude that declines in value are other-than-temporary.

E. Dollar Repurchase Agreements and/or Securities Lending Transactions

Not applicable.

F. Repurchase Agreements Accounted for as Secured Borrowing

Not applicable.

G. Reverse Repurchase Agreements Accounted for as Secured Borrowing

Not applicable.

H. Repurchase Agreements Accounted for as a Sale

Not applicable.

I. Reverse Repurchase Agreements Accounted for as a Sale

Not applicable.

J. Real Estate

No significant changes during the year.

K. Low Income Housing Tax Credits (LIHTC)

Not applicable.

L. Restricted Assets

No significant changes during the year.

M. Working Capital Finance Investments

Not applicable.



## NOTES TO FINANCIAL STATEMENTS

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## N. Offsetting and Netting of Assets and Liabilities

Not applicable.

## O. 5GI Securities

Not applicable.

## P. Short Sales

Not applicable.

## Q. Prepayment Penalty and Acceleration Fees

The following table reflects bonds called during the year which included prepayment penalties and/or acceleration fees:

	<u>General Account</u>	<u>Protected Cell</u>
1. Number of CUSIPs	6	
2. Aggregate Amount of Investment Income	\$ 273,379	

## R. Reporting Entity's Share of Cash Pool by Asset Type

Not applicable.

**NOTE 6 Joint Ventures, Partnerships and Limited Liability Companies**

## A. Greater than 10% of Admitted Assets

KEMI has no investments in joint ventures, partnerships or limited liability companies that exceed 10% of admitted assets.

## B. Impairment Writedowns

None.

**NOTE 7 Investment Income**

## A. Accrued Investment Income

KEMI nonadmits all due and accrued investment income that is more than 90 days past due, if any. In addition, all other amounts that are determined to be in default are written off and future accruals are no longer reported.

## B. Amounts Nonadmitted

None.

**NOTE 8 Derivative Instruments**

## A. Derivatives under SSAP No. 86—Derivatives

Not applicable.

## B. Derivatives under SSAP No. 108—Derivative Hedging Variable Annuity Guarantees

Not applicable.

**NOTE 9 Income Taxes**

## A. Deferred Tax Asset / (Liability)

Not applicable.

## B. Deferred Tax Liabilities Not Recognized

Not applicable.

## C. Current and Deferred Income Taxes

Not applicable.

## D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate

Not applicable.

## E. Operating Loss and Tax Credit Carryforwards and Protective Tax Deposits

Not applicable.

## F. Consolidated Federal Income Tax Return

Not applicable.

## G. Federal or Foreign Income Tax Loss Contingencies

Not applicable.

## NOTES TO FINANCIAL STATEMENTS

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## H. Repatriation Transition Tax (RTT)

Not applicable.

## I. Alternative Minimum Tax (AMT) Credit

Not applicable.

**NOTE 10 Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties**

## A. Nature of Relationships

Not applicable.

## B. Significant Transactions and Changes in Terms of Intercompany Arrangements

Not applicable.

## C. Transactions with Related Parties Who Are Not Reported on Schedule Y

Not applicable.

## D. Amounts Due To or From Related Parties

Not applicable.

## E. Management, Service Contracts and Cost Sharing Arrangements

Not applicable.

## F. Guarantees or Contingencies for Related Parties

Not applicable.

## G. Nature of Control Relationships that Could Affect Operations

Not applicable.

## H. Amount Deducted for Investment in Upstream Company

Not applicable.

## I. Investments in Affiliates Greater than 10% of Admitted Assets

Not applicable.

## J. Impairment Writedowns for Investments in Affiliates

Not applicable.

## K. Foreign Insurance Subsidiary Valued Using CARVM

Not applicable.

## L. Downstream Holding Company Valued Using Look-Through Method

Not applicable.

## M. All SCA Investments

Not applicable.

## N. Investment in Insurance SCAs

Not applicable.

## O. SCA or SSAP 48 Entity Loss Tracking

Not applicable.

**NOTE 11 Debt**

## A. Terms, Payments and Carrying Values of Debt and Capital Notes

Not applicable.

## B. FHLB (Federal Home Loan Bank) Agreements

(1) KEMI is a member of the Federal Home Loan Bank (FHLB) of Cincinnati. Through its membership, KEMI may engage in borrowing activities with the FHLB. The strategy behind purchasing FHLB capital stock was to gain backup liquidity and to provide an option for securing letters of credit at rates lower than those offered by other commercial lenders. To date, KEMI has obtained no debt or letters of credit through FHLB.

## NOTES TO FINANCIAL STATEMENTS

## (2) FHLB Capital Stock

## a. Aggregate Totals

	1 Total 2+3	2 General Account	3 Protected Cell Accounts
<b>1. Current Year</b>			
(a) Membership Stock - Class A	\$ -		
(b) Membership Stock - Class B	\$ 1,093,134	\$ 1,093,134	
(c) Activity Stock	\$ -		
(d) Excess Stock	\$ 674,366	\$ 674,366	
(e) Aggregate Total (a+b+c+d)	<u>\$ 1,767,500</u>	<u>\$ 1,767,500</u>	<u>\$ -</u>
(f) Actual or Estimated Borrowing Capacity	\$ 14,985,911	XXX	XXX
<b>2. Prior Year-end</b>			
(a) Membership Stock - Class A	\$ -		
(b) Membership Stock - Class B	\$ 1,767,452	\$ 1,767,452	
(c) Activity Stock	\$ -		
(d) Excess Stock	\$ 48	\$ 48	
(e) Aggregate Total (a+b+c+d)	<u>\$ 1,767,500</u>	<u>\$ 1,767,500</u>	<u>\$ -</u>
(f) Actual or Estimated Borrowing Capacity	\$ 2,148	XXX	XXX

11B(2)a1(f) should be equal to or greater than 11B(4)a1(d)

11B(2)a2(f) should be equal to or greater than 11B(4)a2(d)

## b. Membership Stock (Class A and B) Eligible and Not Eligible for Redemption

	1	2	Eligible for Redemption			
	Current Year Total (2+3+4+5+6)	Not Eligible for Redemption	3 Less Than 6 Months	4 6 Months to Less Than 1 Year	5 1 to Less Than 3 Years	6 3 to 5 Years
Membership Stock						
1. Class A	\$ -	\$ -				
2. Class B	\$ 1,093,134	\$ 1,093,134				

11B(2)b1 Current Year Total (Column 1) should equal 11B(2)a1(a) Total (Column 1)

11B(2)b2 Current Year Total (Column 1) should equal 11B(2)a1(b) Total (Column 1)

## (3) Collateral Pledged to FHLB

## a. Amount Pledged as of Reporting Date

None.

## b. Maximum Amount Pledged During Reporting Period

None.

## (4) Borrowing from FHLB

## a. Amount as of Reporting Date

None.

## b. Maximum Amount During Reporting Period

None.

## c. FHLB - Prepayment Obligations

None.

**NOTE 12 Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans**

## A. Defined Benefit Plan

Prior to July 1, 2016, all full-time KEMI employees were enrolled in a mandatory defined benefit pension plan regulated by Kentucky Retirement Systems (KRS). KEMI voluntarily ceased participation in KRS effective June 30, 2016.

Effective July 1, 2016, KEMI established a contributory 401(a) defined benefit pension plan for which it is the plan sponsor. The plan provides pension benefits and a 401(h) partial subsidy of retiree health insurance premiums for eligible KEMI employees who have chosen to participate in the plan. Benefit amounts are determined based on retirement age, salary history, participation date and years of service. Participating employees are required to contribute 6% of their salary to the defined benefit pension plan. During 2021, KEMI expects to make bi-weekly contributions to the defined benefit pension and postretirement plans totaling \$2,184,000. In addition, KEMI made a one-time board approved lump sum payment of \$2 million to the defined benefit pension plan in June 2021. Employer contribution rates are evaluated as deemed necessary to ensure the financial soundness of the plan.

## NOTES TO FINANCIAL STATEMENTS

KEMI's financial statements reflect the actuarially determined liabilities, nonadmitted assets and net periodic costs of the defined benefit pension plan and the retiree health insurance plan. Net periodic benefit costs related to these plans are as follows:

## (4) Components of net periodic benefit cost

	Pension Benefits		Postretirement Benefits		Special or Contractual Benefits Per SSAP No. 11	
	2021	2020	2021	2020	2021	2020
a. Service cost	\$ 584,777	\$ 1,413,311	\$ 77,612	\$ 260,892		
b. Interest cost	\$ 526,735	\$ 1,158,272	\$ 39,883	\$ 164,153		
c. Expected return on plan assets	\$ (643,718)	\$ (1,117,304)	\$ (105,322)	\$ (190,375)		
d. Transition asset or obligation						
e. Gains and losses	\$ 389,090	\$ 157,659	\$ (53,524)	\$ (83,684)		
f. Prior service cost or credit	\$ 1,467,636	\$ 2,935,272	\$ 70,233	\$ 373,980		
g. Gain or loss recognized due to a settlement or curtailment						
h. Total net periodic benefit cost - current year	<u>\$ 2,324,520</u>	<u>\$ 4,547,210</u>	<u>\$ 28,882</u>	<u>\$ 524,966</u>	<u>\$ -</u>	<u>\$ -</u>

## B. Pension Plan and Postretirement Benefit Plan Investment Strategies

No significant changes during the year.

## C. Fair Value Measurements of Plan Assets

No significant changes during the year.

## D. Rate of Return Assumptions

No significant changes during the year.

## E. Defined Contribution Plan

Prior to July 1, 2016, KEMI employees could elect to participate in a defined contribution plan regulated by the Kentucky Public Employees Deferred Compensation Authority (KDC). KEMI voluntarily ceased participation in KDC effective June 30, 2016.

Effective July 1, 2016, KEMI established a 401(a) defined contribution plan for which it is the plan sponsor. Participation in the plan is not mandatory; however, employees who elect to participate are required to contribute 6% of their salary to the plan. Employees who have chosen to participate in the 401(a) defined benefit pension plan (see Note 12A) are not eligible to participate in the 401(a) defined contribution plan. KEMI provides matching funds of 6% to the 401(a) defined contribution plan for participants hired on or after July 1, 2016; an enhanced match and access to the 401(h) retiree health premium subsidy is provided for participants hired prior to July 1, 2016 who were previously members of KRS (see Note 12A). Participants are fully vested after 60 months of service.

KEMI also established a 457(b) plan effective July 1, 2016 for which it is the plan sponsor and to which all employees may elect to contribute additional elective deferrals.

## F. Multiemployer Plans

Not applicable.

## G. Consolidated/Holding Company Plans

Not applicable.

## H. Postemployment Benefits and Compensated Absences

KEMI has no obligations to current or former employees for benefits after their employment but before their retirement other than for compensation related to earned vacation pay. The liability for earned but unused vacation pay is accrued in KEMI's financial statements.

## I. Impact of Medicare Modernization Act on Postretirement Benefits

Not applicable.

**NOTE 13 Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations**

## A. Outstanding Shares

Not applicable.

## B. Dividend Rate of Preferred Stock

Not applicable.

## C. Stockholder Dividend Restrictions

Not applicable.

## D. Stockholder Dividends Paid

Not applicable.

## E. Ordinary Stockholder Dividends That May Be Paid

Not applicable.

## F. Restrictions on Unassigned Funds

Not applicable.

## NOTES TO FINANCIAL STATEMENTS

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## G. Mutual Surplus Advances

Not applicable.

## H. Company Stock Held for Special Purposes

Not applicable.

## I. Changes in Special Surplus Funds

Not applicable.

## J. Changes in Unassigned Surplus Funds

The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses is

\$ 8,868,701

## K. Surplus Debentures or Similar Obligations

Not applicable.

## L. Impact of Restatement Due to Prior Quasi-Reorganizations

Not applicable.

## M. Effective Date(s) of Prior Quasi-Reorganizations

Not applicable.

**NOTE 14 Liabilities, Contingencies and Assessments**

## A. Contingent Commitments

Not applicable.

## B. Guaranty Fund and Other Assessments

Not applicable.

## C. Gain Contingencies

Not applicable.

## D. Claims Related Extra Contractual Obligations and Bad Faith Losses Stemming from Lawsuits

Not applicable.

## E. Product Warranties

Not applicable.

## F. Joint and Several Liabilities

Not applicable.

## G. All Other Contingencies

No significant changes during the year.

**NOTE 15 Leases**

## A. Lessee Operating Leases

No significant changes during the year.

## B. Lessor Operating Leases

Not applicable.

**NOTE 16 Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk**

Not applicable.

**NOTE 17 Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**

## A. Transfers of Receivables Reported as Sales

Not applicable.

## B. Transfer and Servicing of Financial Assets

Not applicable.

## C. Wash Sales

Not applicable.

## NOTES TO FINANCIAL STATEMENTS

**NOTE 18 Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans**

## A. Administrative Services Only (ASO) Plans

Not applicable.

## B. Administrative Services Contracts (ASC) Plans

Not applicable.

## C. Medicare or Similarly Structured Cost Based Reimbursement Contracts

Not applicable.

**NOTE 19 Direct Premium Written/Produced by Managing General Agents/Third Party Administrators**

Not applicable.

**NOTE 20 Fair Value Measurements**

## A. Inputs and Valuation Techniques Used for Assets and Liabilities Measured and Reported at Fair Value

Assets and liabilities that are carried at fair value on the balance sheet are categorized into a three-level fair value hierarchy as reflected in the table below. The three-level fair value hierarchy is based on the degree of subjectivity inherent in the valuation method by which fair value was determined. Following is a brief description of the valuation inputs used to establish fair value for each level.

Level 1 - Quoted Prices in Active Markets for Identical Assets and Liabilities: Valuations for this category are based on unadjusted quoted prices in active markets for identical assets that KEMI's pricing sources have the ability to access. Since the valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant amount or degree of judgment.

Level 2 - Significant Other Observable Inputs: Valuations for this category are based on quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, or models where the significant inputs are observable (e.g., interest rates, yield curves, prepayment speeds, default rates, loss severities) or can be corroborated by observable market data.

Level 3 - Significant Unobservable Inputs: Valuations for this category are derived from techniques in which one or more of the significant inputs are unobservable, including broker quotes which are non-binding.

## (1) Fair Value Measurements at Reporting Date

Description for each class of asset or liability	Level 1	Level 2	Level 3	Net Asset Value (NAV)	Total
<b>a. Assets at fair value</b>					
Long-term bonds		\$ 7,277,499			\$ 7,277,499
Common stocks	\$ 50,925,714				\$ 50,925,714
Real estate held for sale		\$ 4,025,000			\$ 4,025,000
Cash	\$ 7,758,040				\$ 7,758,040
Cash equivalents	\$ 34,990,182				\$ 34,990,182
<b>Total assets at fair value/NAV</b>	<b>\$ 93,673,936</b>	<b>\$ 11,302,499</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 104,976,435</b>

Description for each class of asset or liability	Level 1	Level 2	Level 3	Net Asset Value (NAV)	Total
<b>b. Liabilities at fair value</b>					
None	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total liabilities at fair value/NAV</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## (2) Fair Value Measurements in Level 3 of the Fair Value hierarchy

None.

## (3) Policy Regarding Transfers Into and Out of Level 3 of the Fair Value Hierarchy

At the end of each reporting period, KEMI evaluates whether or not any event has occurred or circumstances have changed that would cause an asset or liability measured and reported at fair value to be transferred into or out of Level 3. During the year, no transfers into or out of Level 3 were required.

## (4) Inputs and Valuation Techniques Used to Determine Level 2 and Level 3 Fair Values

KEMI held twenty-one corporate bonds rated NAIC 3 that were carried at fair value and categorized within Level 2 of the fair value hierarchy at the end of the period. When applicable, fair value for such bonds is determined by utilizing quoted market prices for similar instruments in an active market. There were no assets or liabilities carried at fair value and categorized in Level 3 of the fair value hierarchy at any time during the year.

## (5) Fair Value of Derivatives

Not applicable.

## B. Other Fair Value Disclosures

Not applicable.

## NOTES TO FINANCIAL STATEMENTS

- C. Aggregate fair value for all financial instruments and the level within the fair value hierarchy in which the fair value measurements in their entirety fall.

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Net Asset Value (NAV)	Not Practicable (Carrying Value)
Long-term bonds	\$ 1,007,158,566	\$ 962,531,499		\$ 1,007,158,566			
Common stocks	\$ 50,925,714	\$ 50,925,714	\$ 50,925,714				
Real estate held for sale	\$ 4,025,000	\$ 4,025,000		\$ 4,025,000			
Cash	\$ 7,758,040	\$ 7,758,040	\$ 7,758,040				
Cash equivalents	\$ 34,990,182	\$ 34,990,182	\$ 34,990,182				
Other invested assets	\$ 4,446,535	\$ 4,446,535			\$ 4,446,535		
Payable for securities	\$ (2,516,288)	\$ (2,516,288)	\$ (2,516,288)				

- D. Not Practicable to Estimate Fair Value

Not applicable.

- E. Financial Instruments Carried at Net Asset Value

Not applicable.

### NOTE 21 Other Items

- A. Unusual or Infrequent Items

No significant changes during the year.

- B. Troubled Debt Restructuring for Debtors

Not applicable.

- C. Other Disclosures

Not applicable.

- D. Business Interruption Insurance Recoveries

Not applicable.

- E. State Transferable and Non-transferable Tax Credits

Not applicable.

- F. Subprime Mortgage Related Risk Exposure

No significant changes during the year.

- G. Insurance-Linked Securities (ILS) Contracts

Not applicable.

- H. Cash Surrender Value of Life Insurance Where Reporting Entity is Owner and Beneficiary or Otherwise Controls Policy

Not applicable.

### NOTE 22 Events Subsequent

Subsequent events have been evaluated through the date that this statutory statement was available to be issued. In August 2021, KEMI paid a policyholder dividend of approximately \$8 million to 2018 policyholders with a total loss ratio less than 65%. There were no other events occurring subsequent to quarter end that merit recognition or disclosure in these financial statements.

### NOTE 23 Reinsurance

- A. Unsecured Reinsurance Recoverables

KEMI had no unsecured aggregate reinsurance recoverables for paid and unpaid losses, loss adjustment expenses and unearned premiums from any individual reinsurer that exceeded 3% of policyholders' surplus at the end of the period.

- B. Reinsurance Recoverables in Dispute

KEMI had no reinsurance recoverables in dispute at the end of the period.

- C. Reinsurance Assumed and Ceded

No significant changes during the year.

- D. Uncollectible Reinsurance

None of KEMI's reinsurance recoverables are deemed to be uncollectible, other than certain immaterial amounts in the KSBIT loss portfolio transfer. See Note 23F.

- E. Commutation of Reinsurance Reflected in Income and Expenses

None of KEMI's reinsurance contracts were commuted during the year.

## NOTES TO FINANCIAL STATEMENTS

### F. Retroactive Reinsurance

Effective October 31, 2014, KEMI entered into a loss portfolio transfer agreement with the Commissioner of Insurance of the Commonwealth of Kentucky, Rehabilitator of Kentucky School Boards Insurance Trust (KSBIT) Workers' Compensation Self Insurance Fund. Pursuant to this loss portfolio transfer, approximately \$35 million in workers' compensation claim liabilities for the period July 7, 1978 through June 30, 2013, were transferred to KEMI by KSBIT's Rehabilitator. In exchange for assuming responsibility for these claim liabilities and the handling thereof, KEMI received \$35 million in cash and guaranteed receivables. Final installments under the guaranteed receivables program were received in October 2020. As a result of efficient claims handling practices, actuarially determined claim liabilities were less than originally projected. Therefore, KEMI returned \$16.3 million of transferred reserves back to the Rehabilitator in 2019 and 2020. As of June 30, 2021, KSBIT's cash balance was \$9,433,539 and net loss and loss adjustment expense reserves were \$9,433,539. KSBIT reserves for unpaid losses and loss adjustment expenses are not discounted. Inception to date activity is included in the following table as retroactive reinsurance assumed.

Effective July 7, 2017, KEMI entered into a loss portfolio transfer agreement with the Kentucky Workers' Compensation Funding Commission (the Funding Commission) wherein all authority and responsibility to administer the Kentucky Coal Workers' Pneumoconiosis Fund (KCWPF) was transferred from the Funding Commission to KEMI. The purpose of KCWPF is to pay one-half of the indemnity benefits for coal-related occupational disease claims incurred on or after December 12, 1996 and filed on or before June 30, 2017. Pursuant to this loss portfolio transfer, the Funding Commission transferred all of the existing assets and liabilities of KCWPF to KEMI. Through December 31, 2019, the Funding Commission imposed and collected quarterly assessments in a manner consistent with past practice and remitted those assessments to KEMI. Assessments ceased effective January 1, 2020, as both parties agreed that all claim liabilities were fully funded. Based on current actuarial reserve studies, KEMI holds approximately \$22 million in excess funds to be distributed in accordance with Senate Bill 141, which was passed into law during the 2021 regular legislative session. The first distribution of \$20 million is expected to occur in the fall of 2021. As of June 30, 2021, KCWPF's cash and invested assets totaled \$38,667,405, receivables from the Funding Commission totaled \$1,096,331, excess assessments to be returned were \$22,414,538, and net loss and loss adjustment expense reserves were \$17,349,198. KCWPF reserves for unpaid losses and loss adjustment expenses are not discounted. Inception to date activity is included in the following table as retroactive reinsurance assumed.

Effective December 31, 2015, KEMI entered into an agreement for adverse development cover with an unaffiliated reinsurer, Munich Reinsurance America, Inc. This agreement relates to direct and assumed business, excluding the KSBIT and KCWPF loss portfolio transfers, and provides KEMI with reinsurance protection against unfavorable development arising from existing and/or newly reported claims for accident years 1995 through 2014. In exchange for a total premium of \$40 million, KEMI ceded \$32 million of existing loss reserves as well as obtaining \$45.25 million of additional protection against unfavorable development for those accident years. The agreement provides for a loss corridor of \$20 million (for which KEMI is responsible) between the first and second layers of coverage, and it includes a provision wherein KEMI may share in the reinsurer's ultimate profit, if any. Under the terms of the agreement, KEMI maintains a Funds Withheld balance which is secured by a Trust Account equal to 105% of Funds Withheld. Inception to date activity is included in the following table as retroactive reinsurance ceded.

Effective December 31, 2019, KEMI entered into an agreement for adverse development cover with two unaffiliated reinsurers, Swiss Reinsurance America Corporation (67.5%) and Hannover Ruck SE (22.5%); KEMI retained 10% of this coverage. The agreement relates to direct and assumed business, excluding the KSBIT and KCWPF loss portfolio transfers, and provides KEMI with reinsurance protection against unfavorable development arising from existing and/or newly reported claims for accident years 2015 through 2019. In exchange for a total premium of \$30.5 million, KEMI obtained \$75 million of additional protection against unfavorable development for those accident years. The agreement provides for a Funds Withheld balance and includes a provision wherein KEMI may share in the reinsurers' ultimate profit, if any. Inception to date activity is included in the following table as retroactive reinsurance ceded.

Retroactive Reinsurance Summary	Assumed	Ceded
<b>a. Reserves Transferred:</b>		
1. Initial Reserves	\$ (75,000,000)	\$ 32,000,000
2. Adjustments - Prior Years	\$ 21,107,758	\$ (16,776,211)
3. Adjustments - Current Year	\$ 982,528	\$ 728,296
4. Current Total	<u>\$ (52,909,714)</u>	<u>\$ 15,952,085</u>
<b>b. Consideration Paid or Received:</b>		
1. Initial Consideration	\$ 75,000,000	\$ (67,450,000)
2. Adjustments - Prior Years	\$ (21,107,758)	\$ 58,630,000
3. Adjustments - Current Year	\$ (982,528)	\$ -
4. Current Total	<u>\$ 52,909,714</u>	<u>\$ (8,820,000)</u>
<b>c. Paid Losses Reimbursed or Recovered:</b>		
1. Prior Years	\$ (24,616,390)	\$ 16,776,211
2. Current Year	\$ (1,510,587)	\$ (728,296)
3. Current Total	<u>\$ (26,126,977)</u>	<u>\$ 16,047,915</u>
<b>d. Special Surplus from Retroactive Reinsurance:</b>		
1. Initial Surplus Gain or Loss	\$ -	\$ (35,450,000)
2. Adjustments - Prior Years	\$ -	\$ 35,450,000
3. Adjustments - Current Year	\$ -	\$ -
4. Current Year Restricted Surplus	<u>\$ -</u>	<u>\$ -</u>
5. Cumulative Total Transferred to Unassigned Funds	<u>\$ -</u>	<u>\$ -</u>
<b>e. All cedents and reinsurers involved in all transactions included in summary totals above:</b>		
Company	Assumed Amount	Ceded Amount
Commissioner of Insurance of the Commonwealth of Kentucky, Rehabilitator of Kentucky School Boards Insurance Trust (KSBIT) Workers' Compensation Self Insurance Fund	\$ (18,705,730)	
Kentucky Workers' Compensation Funding Commission and Division of Workers' Compensation Funds, Department of Workers' Claims, Labor Cabinet, Commonwealth of Kentucky	\$ (34,203,984)	
Munich Reinsurance America, Inc. (NAIC Company Code 10227)		\$ 15,952,085
Swiss Reinsurance America Corporation (NAIC Company Code 25364)		\$ -
Hannover Ruck SE (NAIC Company Code AA-1340125)		\$ -
Total *	<u>\$ (52,909,714)</u>	<u>\$ 15,952,085</u>

\* Total amounts must agree with totals in a.4 above. Include the NAIC Company Code or Alien Insurer Identification Number for each insurer listed.



## NOTES TO FINANCIAL STATEMENTS

f. Total Paid Loss/LAE amounts recoverable (for authorized, reciprocal jurisdiction, unauthorized and certified reinsurers), any amounts more than 90 days overdue (for authorized, reciprocal jurisdiction, unauthorized and certified reinsurers), and for amounts recoverable the collateral held (for unauthorized and certified reinsurers) as respects amounts recoverable from unauthorized and certified reinsurers:

## 1. Authorized Reinsurers

Company	Total Paid/Loss/LAE Recoverable	Amounts Over 90 Days Overdue
Aetna Life & Casualty Co.	\$ 48,798	
CNA / Continental Casualty Co.	\$ 1,267	
Coregis Insurance Co. / Westport Insurance Corp.	\$ 23,787	
Harbor Insurance Co.	\$ 3,985	
Liberty Mutual Insurance	\$ 95,152	
Midwest Employers Casualty Co.	\$ 9,614	
New York Marine & General Insurance Co.	\$ 2,801	
Selective Insurance Co. of America	\$ 17,988	
TIG Insurance Co. / Transamerica Insurance Co.	\$ 7,983	\$ 566
Total	<u>\$ 211,375</u>	<u>\$ 566</u>

## 2. Unauthorized Reinsurers

Company	Total Paid/Loss/LAE Recoverable	Amounts Over 90 Days Overdue	Collateral Held
None	\$ -	\$ -	\$ -
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## 3. Certified Reinsurers

Company	Total Paid/Loss/LAE Recoverable	Amounts Over 90 Days Overdue	Collateral Held
None	\$ -	\$ -	\$ -
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## 4. Reciprocal Jurisdiction Reinsurers

Company	Total Paid/Loss/LAE Recoverable	Amounts Over 90 Days Overdue
None	\$ -	\$ -
Total	<u>\$ -</u>	<u>\$ -</u>

## G. Reinsurance Accounted for as a Deposit

Not applicable.

## H. Transfer of Property and Casualty Run-off Agreements

Not applicable.

## I. Certified Reinsurer Rating Downgraded or Status Subject to Revocation

Not applicable.

## J. Reinsurance Agreements Qualifying for Reinsurer Aggregation

Not applicable.

## K. Reinsurance Credit on Contracts Covering Health Business

Not applicable.

**NOTE 24 Retrospectively Rated Contracts & Contracts Subject to Redetermination**

## A. Method Used to Estimate

Not applicable.

## B. Method Used to Record

Not applicable.

## C. Amount and Percent of Net Retrospective Premiums

Not applicable.

## D. Medical Loss Ratio Rebates

Not applicable.

## E. Nonadmitted Accrued Retrospective Premiums

Not applicable.

## NOTES TO FINANCIAL STATEMENTS

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F. Risk Sharing Provisions of the Affordable Care Act

(1) Did the reporting entity write accident and health insurance premium which is subject to the Affordable Care Act risk sharing provisions (YES/NO)?

Yes [ ] No [X]

(2)-(5) Not applicable.

**NOTE 25 Changes in Incurred Losses and Loss Adjustment Expenses**

A. Changes Attributable to Insured Events of Prior Years

Current year changes in estimates of the costs of prior year losses and loss adjustment expenses affect the current year Statement of Income. Increases in those estimates increase current year expense and are referred to as unfavorable development or prior year reserve shortages. Decreases in those estimates decrease current year expense and are referred to as favorable development or prior year reserve redundancies.

Gross case reserves for incurred losses and loss adjustment expenses attributable to insured events of prior years have increased by \$29,487,793. Of this increase, \$25,366,305 is attributable to accident years 2018-2020 and is the result of additional claims being reported for those accident years, as well as additional information becoming available on previously known individual claims. Accordingly, IBNR reserves for prior years were adjusted as information became available on these reported and unreported claims. Such adjustments are generally the result of ongoing analysis of recent loss development trends and occur during the normal course of business. Overall net reserves for incurred losses and loss adjustment expenses of prior years, including IBNR and net of reinsurance, have decreased by \$4,388,854.

B. Changes in Methodologies and Assumptions Used in Calculating the Liability

There were no significant changes made to the methodologies and assumptions utilized to calculate the liability versus the prior year.

**NOTE 26 Intercompany Pooling Arrangements**

Not applicable.

**NOTE 27 Structured Settlements**

No significant changes during the year.

**NOTE 28 Health Care Receivables**

A. Pharmaceutical Rebate Receivables

Not applicable.

B. Risk-Sharing Receivables

Not applicable.

**NOTE 29 Participating Policies**

Not applicable.

**NOTE 30 Premium Deficiency Reserves**

No significant changes during the year.

**NOTE 31 High Deductibles**

Not applicable.

**NOTE 32 Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses**

A. Tabular Discount

No significant changes during the year.

B. Nontabular Discount

None.

C. Changes in Discount Assumptions

None.

**NOTE 33 Asbestos/Environmental Reserves**

Not applicable.

**NOTE 34 Subscriber Savings Accounts**

Not applicable.

**NOTE 35 Multiple Peril Crop Insurance**

Not applicable.

**NOTE 36 Financial Guaranty Insurance**

Not applicable.

STATEMENT AS OF JUNE 30, 2021 OF THE KENTUCKY EMPLOYERS' MUTUAL INSURANCE AUTHORITY  
**GENERAL INTERROGATORIES**

**PART 1 - COMMON INTERROGATORIES**

**GENERAL**

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? ..... Yes [ ] No [ X ]
- 1.2 If yes, has the report been filed with the domiciliary state? ..... Yes [ ] No [ ]
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? ..... Yes [ ] No [ X ]
- 2.2 If yes, date of change: .....
- 3.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? ..... Yes [ ] No [ X ]  
 If yes, complete Schedule Y, Parts 1 and 1A.
- 3.2 Have there been any substantial changes in the organizational chart since the prior quarter end? ..... Yes [ ] No [ X ]
- 3.3 If the response to 3.2 is yes, provide a brief description of those changes.
- 3.4 Is the reporting entity publicly traded or a member of a publicly traded group? ..... Yes [ ] No [ X ]
- 3.5 If the response to 3.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group. ....
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? ..... Yes [ ] No [ X ]  
 If yes, complete and file the merger history data file with the NAIC.
- 4.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? ..... Yes [ ] No [ ] N/A [ X ]  
 If yes, attach an explanation.
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. .... 12/31/2017
- 6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. .... 12/31/2017
- 6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). .... 06/28/2019
- 6.4 By what department or departments?  
 Commonwealth of Kentucky Department of Insurance
- 6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? ..... Yes [ ] No [ ] N/A [ X ]
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? ..... Yes [ X ] No [ ] N/A [ ]
- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? ..... Yes [ ] No [ X ]
- 7.2 If yes, give full information:
- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? ..... Yes [ ] No [ X ]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? ..... Yes [ ] No [ X ]
- 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC

STATEMENT AS OF JUNE 30, 2021 OF THE KENTUCKY EMPLOYERS' MUTUAL INSURANCE AUTHORITY  
**GENERAL INTERROGATORIES**

- 9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? ..... Yes [ X ] No [ ]  
 (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;  
 (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;  
 (c) Compliance with applicable governmental laws, rules and regulations;  
 (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and  
 (e) Accountability for adherence to the code.
- 9.11 If the response to 9.1 is No, please explain:
- 9.2 Has the code of ethics for senior managers been amended? ..... Yes [ ] No [ X ]
- 9.21 If the response to 9.2 is Yes, provide information related to amendment(s).
- 9.3 Have any provisions of the code of ethics been waived for any of the specified officers? ..... Yes [ ] No [ X ]
- 9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

**FINANCIAL**

- 10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? ..... Yes [ ] No [ X ]
- 10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: ..... \$ .....

**INVESTMENT**

- 11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) ..... Yes [ ] No [ X ]
- 11.2 If yes, give full and complete information relating thereto:

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: ..... \$ .....
13. Amount of real estate and mortgages held in short-term investments: ..... \$ .....
- 14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? ..... Yes [ ] No [ X ]
- 14.2 If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
14.21 Bonds .....	\$ .....	\$ .....
14.22 Preferred Stock .....	\$ .....	\$ .....
14.23 Common Stock .....	\$ .....	\$ .....
14.24 Short-Term Investments .....	\$ .....	\$ .....
14.25 Mortgage Loans on Real Estate .....	\$ .....	\$ .....
14.26 All Other .....	\$ .....	\$ .....
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26) .....	\$ .....	\$ .....
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above .....	\$ .....	\$ .....

- 15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? ..... Yes [ ] No [ X ]
- 15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? ..... Yes [ ] No [ ] N/A [ X ]  
 If no, attach a description with this statement.
16. For the reporting entity's security lending program, state the amount of the following as of the current statement date:
- 16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. .... \$ .....
- 16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. .... \$ .....
- 16.3 Total payable for securities lending reported on the liability page. .... \$ .....

STATEMENT AS OF JUNE 30, 2021 OF THE KENTUCKY EMPLOYERS' MUTUAL INSURANCE AUTHORITY  
**GENERAL INTERROGATORIES**

17. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? ..... Yes [ X ] No [ ]
- 17.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
US Bank Institutional Trust & Custody .....	425 Walnut Street, Cincinnati OH 45202 .....

- 17.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

- 17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter? ..... Yes [ ] No [ X ]

- 17.4 If yes, give full information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

- 17.5 Investment management – Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. ["...that have access to the investment accounts"; "...handle securities"]

1 Name of Firm or Individual	2 Affiliation
Conning Asset Management .....	U.....

- 17.5097 For those firms/individuals listed in the table for Question 17.5, do any firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") manage more than 10% of the reporting entity's invested assets?..... Yes [ X ] No [ ]

- 17.5098 For firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") listed in the table for Question 17.5, does the total assets under management aggregate to more than 50% of the reporting entity's invested assets?..... Yes [ X ] No [ ]

- 17.6 For those firms or individuals listed in the table for 17.5 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

1 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
107423 .....	Conning Asset Management .....	.....	SEC .....	NO.....

- 18.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed? ..... Yes [ X ] No [ ]

- 18.2 If no, list exceptions:

19. By self-designating 5GI securities, the reporting entity is certifying the following elements for each self-designated 5GI security:  
 a. Documentation necessary to permit a full credit analysis of the security does not exist or an NAIC CRP credit rating for an FE or PL security is not available.  
 b. Issuer or obligor is current on all contracted interest and principal payments.  
 c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.  
 Has the reporting entity self-designated 5GI securities? ..... Yes [ ] No [ X ]

20. By self-designating PLGI securities, the reporting entity is certifying the following elements of each self-designated PLGI security:  
 a. The security was purchased prior to January 1, 2018.  
 b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.  
 c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as a NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.  
 d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.  
 Has the reporting entity self-designated PLGI securities? ..... Yes [ ] No [ X ]

21. By assigning FE to a Schedule BA non-registered private fund, the reporting entity is certifying the following elements of each self-designated FE fund:  
 a. The shares were purchased prior to January 1, 2019.  
 b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.  
 c. The security had a public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO prior to January 1, 2019.  
 d. The fund only or predominantly holds bonds in its portfolio.  
 e. The current reported NAIC Designation was derived from the public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO.  
 f. The public credit rating(s) with annual surveillance assigned by an NAIC CRP has not lapsed.  
 Has the reporting entity assigned FE to Schedule BA non-registered private funds that complied with the above criteria? ..... Yes [ ] No [ X ]

STATEMENT AS OF JUNE 30, 2021 OF THE KENTUCKY EMPLOYERS' MUTUAL INSURANCE AUTHORITY  
**GENERAL INTERROGATORIES**

**PART 2 - PROPERTY & CASUALTY INTERROGATORIES**

1. If the reporting entity is a member of a pooling arrangement, did the agreement or the reporting entity's participation change? ..... Yes [ ] No [ ] N/A [ X ]  
 If yes, attach an explanation.

2. Has the reporting entity reinsured any risk with any other reporting entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured? ..... Yes [ ] No [ X ]  
 If yes, attach an explanation.

3.1 Have any of the reporting entity's primary reinsurance contracts been canceled? ..... Yes [ ] No [ X ]

3.2 If yes, give full and complete information thereto.

4.1 Are any of the liabilities for unpaid losses and loss adjustment expenses other than certain workers' compensation tabular reserves (see Annual Statement Instructions pertaining to disclosure of discounting for definition of "tabular reserves") discounted at a rate of interest greater than zero? ..... Yes [ ] No [ X ]

4.2 If yes, complete the following schedule:

			TOTAL DISCOUNT				DISCOUNT TAKEN DURING PERIOD			
1 Line of Business	2 Maximum Interest	3 Discount Rate	4 Unpaid Losses	5 Unpaid LAE	6 IBNR	7 TOTAL	8 Unpaid Losses	9 Unpaid LAE	10 IBNR	11 TOTAL
TOTAL										

5. Operating Percentages:

5.1 A&H loss percent ..... %

5.2 A&H cost containment percent ..... %

5.3 A&H expense percent excluding cost containment expenses ..... %

6.1 Do you act as a custodian for health savings accounts? ..... Yes [ ] No [ X ]

6.2 If yes, please provide the amount of custodial funds held as of the reporting date ..... \$.....

6.3 Do you act as an administrator for health savings accounts? ..... Yes [ ] No [ X ]

6.4 If yes, please provide the balance of the funds administered as of the reporting date ..... \$.....

7. Is the reporting entity licensed or chartered, registered, qualified, eligible or writing business in at least two states? ..... Yes [ ] No [ X ]

7.1 If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of domicile of the reporting entity? ..... Yes [ X ] No [ ]

**SCHEDULE F - CEDED REINSURANCE**

Showing All New Reinsurers - Current Year to Date

1 NAIC Company Code	2 ID Number	3 Name of Reinsurer	4 Domiciliary Jurisdiction	5 Type of Reinsurer	6 Certified Reinsurer Rating (1 through 6)	7 Effective Date of Certified Reinsurer Rating
<b>NONE</b>						

STATEMENT AS OF JUNE 30, 2021 OF THE KENTUCKY EMPLOYERS' MUTUAL INSURANCE AUTHORITY

**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

Current Year to Date - Allocated by States and Territories

States, etc.	1 Active Status (a)	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		2 Current Year To Date	3 Prior Year To Date	4 Current Year To Date	5 Prior Year To Date	6 Current Year To Date	7 Prior Year To Date
1. Alabama ..... AL	N						
2. Alaska ..... AK	N						
3. Arizona ..... AZ	N						
4. Arkansas ..... AR	N						
5. California ..... CA	N						
6. Colorado ..... CO	N						
7. Connecticut ..... CT	N						
8. Delaware ..... DE	N						
9. District of Columbia ..... DC	N						
10. Florida ..... FL	N						
11. Georgia ..... GA	N						
12. Hawaii ..... HI	N						
13. Idaho ..... ID	N						
14. Illinois ..... IL	N						
15. Indiana ..... IN	N						
16. Iowa ..... IA	N						
17. Kansas ..... KS	N						
18. Kentucky ..... KY	L	55,925,730	53,259,888	35,732,183	42,144,949	620,931,913	633,966,736
19. Louisiana ..... LA	N						
20. Maine ..... ME	N						
21. Maryland ..... MD	N						
22. Massachusetts ..... MA	N						
23. Michigan ..... MI	N						
24. Minnesota ..... MN	N						
25. Mississippi ..... MS	N						
26. Missouri ..... MO	N						
27. Montana ..... MT	N						
28. Nebraska ..... NE	N						
29. Nevada ..... NV	N						
30. New Hampshire ..... NH	N						
31. New Jersey ..... NJ	N						
32. New Mexico ..... NM	N						
33. New York ..... NY	N						
34. North Carolina ..... NC	N						
35. North Dakota ..... ND	N						
36. Ohio ..... OH	N						
37. Oklahoma ..... OK	N						
38. Oregon ..... OR	N						
39. Pennsylvania ..... PA	N						
40. Rhode Island ..... RI	N						
41. South Carolina ..... SC	N						
42. South Dakota ..... SD	N						
43. Tennessee ..... TN	N						
44. Texas ..... TX	N						
45. Utah ..... UT	N						
46. Vermont ..... VT	N						
47. Virginia ..... VA	N						
48. Washington ..... WA	N						
49. West Virginia ..... WV	N						
50. Wisconsin ..... WI	N						
51. Wyoming ..... WY	N						
52. American Samoa ..... AS	N						
53. Guam ..... GU	N						
54. Puerto Rico ..... PR	N						
55. U.S. Virgin Islands ..... VI	N						
56. Northern Mariana Islands ..... MP	N						
57. Canada ..... CAN	N						
58. Aggregate Other Alien OT	XXX						
59. Totals	XXX	55,925,730	53,259,888	35,732,183	42,144,949	620,931,913	633,966,736
DETAILS OF WRITE-INS							
58001.	XXX						
58002.	XXX						
58003.	XXX						
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX						
58999. Totals (Lines 58001 through 58003 plus 58998)(Line 58 above)	XXX						

(a) Active Status Counts:

- L - Licensed or Chartered - Licensed Insurance carrier or domiciled RRG .....1
- E - Eligible - Reporting entities eligible or approved to write surplus lines in the state (other than their state of domicile - see DSLI) .....
- D - Domestic Surplus Lines Insurer (DSLII) - Reporting entities authorized to write surplus lines in the state of domicile .....
- R - Registered - Non-domiciled RRGs .....
- Q - Qualified - Qualified or accredited reinsurer .....
- N - None of the above - Not allowed to write business in the state .....56



Schedule Y - Part 1

**NONE**

Schedule Y - Part 1A - Detail of Insurance Holding Company System

**NONE**

Schedule Y - Part 1A - Explanations

**NONE**

STATEMENT AS OF JUNE 30, 2021 OF THE KENTUCKY EMPLOYERS' MUTUAL INSURANCE AUTHORITY

**PART 1 - LOSS EXPERIENCE**

Line of Business	Current Year to Date			4 Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1. Fire .....				
2. Allied Lines .....				
3. Farmowners multiple peril .....				
4. Homeowners multiple peril .....				
5. Commercial multiple peril .....				
6. Mortgage guaranty .....				
8. Ocean marine .....				
9. Inland marine .....				
10. Financial guaranty .....				
11.1 Medical professional liability - occurrence .....				
11.2 Medical professional liability - claims-made .....				
12. Earthquake .....				
13. Group accident and health .....				
14. Credit accident and health .....				
15. Other accident and health .....				
16. Workers' compensation .....	61,935,429	34,630,923	55.9	60.1
17.1 Other liability - occurrence .....				
17.2 Other liability - claims-made .....				
17.3 Excess workers' compensation .....				
18.1 Products liability - occurrence .....				
18.2 Products liability - claims-made .....				
19.1,19.2 Private passenger auto liability .....				
19.3,19.4 Commercial auto liability .....				
21. Auto physical damage .....				
22. Aircraft (all perils) .....				
23. Fidelity .....				
24. Surety .....				
26. Burglary and theft .....				
27. Boiler and machinery .....				
28. Credit .....				
29. International .....				
30. Warranty .....				
31. Reinsurance - Nonproportional Assumed Property .....	XXX	XXX	XXX	XXX
32. Reinsurance - Nonproportional Assumed Liability .....	XXX	XXX	XXX	XXX
33. Reinsurance - Nonproportional Assumed Financial Lines .....	XXX	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business .....				
35. Totals .....	61,935,429	34,630,923	55.9	60.1
<b>DETAILS OF WRITE-INS</b>				
3401. ....				
3402. ....				
3403. ....				
3498. Summary of remaining write-ins for Line 34 from overflow page .....				
3499. Totals (Lines 3401 through 3403 plus 3498)(Line 34 above) .....				

**PART 2 - DIRECT PREMIUMS WRITTEN**

Line of Business	1 Current Quarter	2 Current Year to Date	3 Prior Year Year to Date
1. Fire .....			
2. Allied Lines .....			
3. Farmowners multiple peril .....			
4. Homeowners multiple peril .....			
5. Commercial multiple peril .....			
6. Mortgage guaranty .....			
8. Ocean marine .....			
9. Inland marine .....			
10. Financial guaranty .....			
11.1 Medical professional liability - occurrence .....			
11.2 Medical professional liability - claims-made .....			
12. Earthquake .....			
13. Group accident and health .....			
14. Credit accident and health .....			
15. Other accident and health .....			
16. Workers' compensation .....	23,737,320	55,925,730	53,259,888
17.1 Other liability - occurrence .....			
17.2 Other liability - claims-made .....			
17.3 Excess workers' compensation .....			
18.1 Products liability - occurrence .....			
18.2 Products liability - claims-made .....			
19.1,19.2 Private passenger auto liability .....			
19.3,19.4 Commercial auto liability .....			
21. Auto physical damage .....			
22. Aircraft (all perils) .....			
23. Fidelity .....			
24. Surety .....			
26. Burglary and theft .....			
27. Boiler and machinery .....			
28. Credit .....			
29. International .....			
30. Warranty .....			
31. Reinsurance - Nonproportional Assumed Property .....	XXX	XXX	XXX
32. Reinsurance - Nonproportional Assumed Liability .....	XXX	XXX	XXX
33. Reinsurance - Nonproportional Assumed Financial Lines .....	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business .....			
35. Totals .....	23,737,320	55,925,730	53,259,888
<b>DETAILS OF WRITE-INS</b>			
3401. ....			
3402. ....			
3403. ....			
3498. Summary of remaining write-ins for Line 34 from overflow page .....			
3499. Totals (Lines 3401 through 3403 plus 3498)(Line 34 above) .....			

STATEMENT AS OF JUNE 30, 2021 OF THE KENTUCKY EMPLOYERS' MUTUAL INSURANCE AUTHORITY

**PART 3 (000 omitted)**

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

	1	2	3	4	5	6	7	8	9	10	11	12	13
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (Cols. 1+2)	2021 Loss and LAE Payments on Claims Reported as of Prior Year-End	2021 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2021 Loss and LAE Payments (Cols. 4+5)	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year End	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year End	Q.S. Date IBNR Loss and LAE Reserves	Total Q.S. Loss and LAE Reserves (Cols.7+8+9)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols.4+7 minus Col. 1)	Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 5+8+9 minus Col. 2)	Prior Year-End Total Loss and LAE Reserve Developed (Savings)/ Deficiency (Cols. 11+12)
1. 2018 + Prior .....	305,924	190,439	496,363	18,666	39	18,704	296,955	787	183,230	480,972	9,697	(6,383)	3,314
2. 2019 .....	18,147	57,990	76,136	7,124	226	7,350	19,677	1,092	44,318	65,087	8,655	(12,354)	(3,699)
3. Subtotals 2019 + Prior .....	324,071	248,428	572,499	25,790	265	26,055	316,633	1,879	227,548	546,059	18,352	(18,737)	(385)
4. 2020 .....	15,720	64,787	80,507	8,725	545	9,270	12,345	1,206	53,682	67,233	5,350	(9,353)	(4,004)
5. Subtotals 2020 + Prior .....	339,791	313,215	653,006	34,515	810	35,325	328,978	3,085	281,230	613,293	23,702	(28,091)	(4,389)
6. 2021 .....	XXX	XXX	XXX	XXX	12,643	12,643	XXX	9,250	29,716	38,966	XXX	XXX	XXX
7. Totals .....	339,791	313,215	653,006	34,515	13,453	47,968	328,978	12,335	310,946	652,258	23,702	(28,091)	(4,389)
8. Prior Year-End Surplus As Regards Policyholders	283,404										Col. 11, Line 7 As % of Col. 1 Line 7	Col. 12, Line 7 As % of Col. 2 Line 7	Col. 13, Line 7 As % of Col. 3 Line 7
											1. 7.0	2. (9.0)	3. (0.7)
													Col. 13, Line 7 As a % of Col. 1 Line 8
													4. (1.5)

STATEMENT AS OF JUNE 30, 2021 OF THE KENTUCKY EMPLOYERS' MUTUAL INSURANCE AUTHORITY

## SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

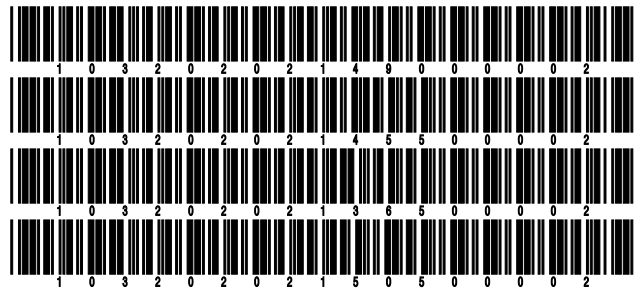
	Response
1. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement? .....	NO
2. Will Supplement A to Schedule T (Medical Professional Liability Supplement) be filed with this statement? .....	NO
3. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement? .....	NO
4. Will the Director and Officer Insurance Coverage Supplement be filed with the state of domicile and the NAIC with this statement? .....	NO

Explanations:

1. Not required
2. Not required
3. Not required
4. Not required

Bar Codes:

1. Trusteed Surplus Statement [Document Identifier 490]
2. Supplement A to Schedule T [Document Identifier 455]
3. Medicare Part D Coverage Supplement [Document Identifier 365]
4. Director and Officer Supplement [Document Identifier 505]



STATEMENT AS OF JUNE 30, 2021 OF THE KENTUCKY EMPLOYERS' MUTUAL INSURANCE AUTHORITY  
**OVERFLOW PAGE FOR WRITE-INS**

Additional Write-ins for Assets Line 25

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
2504. Prepaid Pension Benefits .....	7,790,354	7,790,354		
2505. Prepaid Retiree Health Insurance .....	1,602,768	1,602,768		
2597. Summary of remaining write-ins for Line 25 from overflow page	9,393,122	9,393,122		

Additional Write-ins for Liabilities Line 25

	1 Current Statement Date	2 December 31, Prior Year
2504. Funds Withheld on Retroactive Reinsurance Ceded .....	24,030,108	22,268,180
2505. Liability for Projected Pension Benefits .....	11,972,495	15,440,131
2506. Liability for Projected Retiree Health Insurance .....		
2597. Summary of remaining write-ins for Line 25 from overflow page	36,002,603	37,708,311

STATEMENT AS OF JUNE 30, 2021 OF THE KENTUCKY EMPLOYERS' MUTUAL INSURANCE AUTHORITY

**SCHEDULE A - VERIFICATION**

Real Estate

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	4,025,000	4,025,000
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Current year change in encumbrances		
4. Total gain (loss) on disposals		
5. Deduct amounts received on disposals		
6. Total foreign exchange change in book/adjusted carrying value		
7. Deduct current year's other than temporary impairment recognized		
8. Deduct current year's depreciation		
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8)	4,025,000	4,025,000
10. Deduct total nonadmitted amounts		
11. Statement value at end of current period (Line 9 minus Line 10)	4,025,000	4,025,000

**SCHEDULE B - VERIFICATION**

Mortgage Loans

	1 Year to Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and mortgage interest points and commitment fees		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		
10. Deduct current year's other than temporary impairment recognized		
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)		
12. Total valuation allowance		
13. Subtotal (Line 11 plus Line 12)		
14. Deduct total nonadmitted amounts		
15. Statement value at end of current period (Line 13 minus Line 14)		

**NONE**

**SCHEDULE BA - VERIFICATION**

Other Long-Term Invested Assets

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	3,154,809	
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		866,220
2.2 Additional investment made after acquisition	1,291,726	2,288,589
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals	10,764	386,504
7. Deduct amounts received on disposals	10,764	386,504
8. Deduct amortization of premium and depreciation		
9. Total foreign exchange change in book/adjusted carrying value		
10. Deduct current year's other than temporary impairment recognized		
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	4,446,535	3,154,809
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)	4,446,535	3,154,809

**SCHEDULE D - VERIFICATION**

Bonds and Stocks

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	1,015,944,212	995,921,355
2. Cost of bonds and stocks acquired	132,069,641	260,919,039
3. Accrual of discount	156,830	201,815
4. Unrealized valuation increase (decrease)	366,233	750,995
5. Total gain (loss) on disposals	5,288,939	3,408,129
6. Deduct consideration for bonds and stocks disposed of	139,393,106	242,034,568
7. Deduct amortization of premium	1,248,916	3,550,543
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Total investment income recognized as a result of prepayment penalties and/or acceleration fees	273,379	327,990
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9+10)	1,013,457,213	1,015,944,212
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)	1,013,457,213	1,015,944,212

STATEMENT AS OF JUNE 30, 2021 OF THE KENTUCKY EMPLOYERS' MUTUAL INSURANCE AUTHORITY

**SCHEDULE D - PART 1B**

Showing the Acquisitions, Dispositions and Non-Trading Activity  
During the Current Quarter for all Bonds and Preferred Stock by NAIC Designation

NAIC Designation	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. NAIC 1 (a) .....	703,840,370	49,971,271	47,885,039	(2,127,795)	703,840,370	703,798,807		714,353,705
2. NAIC 2 (a) .....	211,563,358	12,507,524	5,469,730	1,340,594	211,563,358	219,941,746		209,384,091
3. NAIC 3 (a) .....	32,495,048	4,282,690	4,445,519	87,455	32,495,048	32,419,673		33,726,027
4. NAIC 4 (a) .....	3,069,390			5,207	3,069,390	3,074,597		
5. NAIC 5 (a) .....		3,301,055		(4,380)		3,296,675		
6. NAIC 6 (a) .....								
7. Total Bonds	950,968,166	70,062,540	57,800,288	(698,919)	950,968,166	962,531,499		957,463,823
<b>PREFERRED STOCK</b>								
8. NAIC 1 .....								
9. NAIC 2 .....								
10. NAIC 3 .....								
11. NAIC 4 .....								
12. NAIC 5 .....								
13. NAIC 6 .....								
14. Total Preferred Stock .....								
15. Total Bonds and Preferred Stock	950,968,166	70,062,540	57,800,288	(698,919)	950,968,166	962,531,499		957,463,823

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of short-term and cash equivalent bonds by NAIC designation:

NAIC 1 \$ ..... ; NAIC 2 \$ ..... ; NAIC 3 \$ ..... NAIC 4 \$ ..... ; NAIC 5 \$ ..... ; NAIC 6 \$ .....

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Schedule DA - Part 1 - Short-Term Investments

**N O N E**

Schedule DA - Verification - Short-Term Investments

**N O N E**

Schedule DB - Part A - Verification - Options, Caps, Floors, Collars, Swaps and Forwards

**N O N E**

Schedule DB - Part B - Verification - Futures Contracts

**N O N E**

Schedule DB - Part C - Section 1 - Replication (Synthetic Asset) Transactions (RSATs) Open

**N O N E**

Schedule DB-Part C-Section 2-Reconciliation of Replication (Synthetic Asset) Transactions Open

**N O N E**

Schedule DB - Verification - Book/Adjusted Carrying Value, Fair Value and Potential Exposure of  
Derivatives

**N O N E**



**SCHEDULE E - PART 2 - VERIFICATION**

(Cash Equivalents)

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....	7,391,088	11,343,039
2. Cost of cash equivalents acquired .....	128,614,330	213,239,735
3. Accrual of discount .....		
4. Unrealized valuation increase (decrease) .....		
5. Total gain (loss) on disposals .....		7
6. Deduct consideration received on disposals .....	101,015,236	217,191,693
7. Deduct amortization of premium .....		
8. Total foreign exchange change in book/adjusted carrying value .....		
9. Deduct current year's other than temporary impairment recognized .....		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) .....	34,990,182	7,391,088
11. Deduct total nonadmitted amounts .....		
12. Statement value at end of current period (Line 10 minus Line 11)	34,990,182	7,391,088

Schedule A - Part 2 - Real Estate Acquired and Additions Made

**N O N E**

Schedule A - Part 3 - Real Estate Disposed

**N O N E**

Schedule B - Part 2 - Mortgage Loans Acquired and Additions Made

**N O N E**

Schedule B - Part 3 - Mortgage Loans Disposed, Transferred or Repaid

**N O N E**

STATEMENT AS OF JUNE 30, 2021 OF THE KENTUCKY EMPLOYERS' MUTUAL INSURANCE AUTHORITY

**SCHEDULE BA - PART 2**

Showing Other Long-Term Invested Assets ACQUIRED AND ADDITIONS MADE During the Current Quarter

1 CUSIP Identification	2 Name or Description	Location		5 Name of Vendor or General Partner	6 NAIC Designation, NAIC Designation Modifier and SVO Admini- strative Symbol	7 Date Originally Acquired	8 Type and Strategy	9 Actual Cost at Time of Acquisition	10 Additional Investment Made After Acquisition	11 Amount of Encumbrances	12 Commitment for Additional Investment	13 Percentage of Ownership
		3 City	4 State									
000000-00-0	ELMTREE U.S. NET LEASE FUND IV L.P.	WILMINGTON	DE	ELMTREE U.S. NET LEASE FUND IV G.P., L.L.C.		09/09/2020			364,385		15,403,465	9.140
1999999. Joint Venture Interests - Common Stock - Unaffiliated									364,385		15,403,465	XXX
4899999. Total - Unaffiliated									364,385		15,403,465	XXX
4999999. Total - Affiliated												XXX
5099999 - Totals									364,385		15,403,465	XXX

**SCHEDULE BA - PART 3**

Showing Other Long-Term Invested Assets DISPOSED, Transferred or Repaid During the Current Quarter

1 CUSIP Identification	2 Name or Description	Location		5 Name of Purchaser or Nature of Disposal	6 Date Originally Acquired	7 Disposal Date	8 Book/ Adjusted Carrying Value Less Encum- brances, Prior Year	Change in Book/Adjusted Carrying Value					15 Book/ Adjusted Carrying Value Less Encum- brances on Disposal	16 Consid- eration	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Invest- ment Income
		3 City	4 State					9 Unrealized Valuation Increase (De- crease)	10 Current Year's (Depre- ciation) or (Amorti- zation)/ Accretion	11 Current Year's Other Than Tempor- ary Impair- ment Recogn- ized	12 Capital- ized Deferred Interest and Other	13 Total Change in Book/ Adjusted Carrying Value (9+10- 11+12)						
<b>NONE</b>																		
5099999 - Totals																		

STATEMENT AS OF JUNE 30, 2021 OF THE KENTUCKY EMPLOYERS' MUTUAL INSURANCE AUTHORITY

**SCHEDULE D - PART 3**

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol
31320W-BR-3	FH SD8148 - RMBS		05/26/2021	WELLS FARGO SECURITIES LLC		1,578,198	1,500,199	3,375	1.A
3140L6-UT-9	FN BR7793 - RMBS		04/20/2021	WELLS FARGO SECURITIES LLC		4,150,469	4,000,000	5,833	1.A
3140X9-7B-5	FN FM6289 - RMBS		04/20/2021	JP MORGAN SECURITIES LLC		4,227,546	4,002,411	7,004	1.A
3140XB-KA-7	FN FM7488 - RMBS		05/26/2021	CITIGROUP GLOBAL MARKETS INC.		1,559,941	1,500,000	2,813	1.A
<b>3199999. Subtotal - Bonds - U.S. Special Revenues</b>						<b>11,516,154</b>	<b>11,002,610</b>	<b>19,026</b>	<b>XXX</b>
L9082*-AV-1	Series C Senior Guaranteed Sustainabil		04/28/2021	DIRECT		1,000,000	1,000,000		2.A Z
232806-AA-8	Series B Senior Note		06/16/2021	DIRECT		750,000	750,000		2.A Z
00119T-AH-7	AGL 5R A2R - CDO	C.	06/10/2021	US Bank		500,000	500,000		1.A FE
00131L-AJ-4	AIA GROUP LTD	C.	05/05/2021	WELLS FARGO SECURITIES LLC		1,081,300	1,000,000	2,813	1.E FE
00724P-AD-1	ADOBE INC		06/02/2021	CITIGROUP GLOBAL MARKETS INC.		1,541,025	1,500,000	11,788	1.F FE
008513-AB-9	AGREE LP		05/05/2021	CITIGROUP GLOBAL MARKETS INC.		531,068	535,000		2.B FE
023135-BX-3	AMAZON.COM INC		05/10/2021	JP MORGAN SECURITIES LLC		995,680	1,000,000		1.E FE
03060N-AD-2	AMERICO LIFE INC		04/12/2021	Various		1,994,762	2,000,000		2.C FE
03332P-AG-2	ANHC 17 C - CDO	C.	06/04/2021	BNP SECURITIES		500,000	500,000		1.F FE
03763Y-BN-5	APID XI B3A - CDO		04/08/2021	RBC CAPITAL MARKETS, LLC		2,000,980	2,000,000		1.C FE
04016P-AL-2	ARES 43R BR - CDO	C.	06/04/2021	BNP SECURITIES		500,000	500,000		1.C FE
053015-AG-8	AUTOMATIC DATA PROCESSING INC		05/11/2021	MLPFS INC FIXED INCOME		987,010	990,000		1.D FE
05606F-AG-8	BX 190C11 B - CMBS		05/05/2021	SG AMERICAS SECURITIES, LLC		2,918,109	2,700,000	1,622	1.D FE
05765X-AA-9	BALBOA BAY LOAN FUNDING 2021-1 LTD - CDO	C.	05/27/2021	Morgan Stanley		500,000	500,000		1.Z
06541J-AB-7	BANK 2021-BNK34 A2 - CMBS		06/14/2021	WELLS FARGO SECURITIES LLC		1,931,233	1,875,000	2,318	1.A FE
07134W-AJ-2	BATLN 21 C - CDO	C.	06/08/2021	MLPFS INC FIXED INCOME		500,000	500,000		1.Z
08163E-BA-2	BMARK 2021-B26 A3 - CMBS		05/13/2021	DEUTSCHE BANK SECURITIES, INC.		592,245	575,000	993	1.A FE
08861Y-AA-4	BHG SECURITIZATION TRUST 2021-A - ABS		04/23/2021	CREDIT SUISSE SECURITIES (USA)		629,978	630,000		1.Z
09659W-2P-8	BNP PARIBAS SA	C.	04/12/2021	BNP SECURITIES		900,000	900,000		1.G FE
10921U-2C-1	BRIGHTHOUSE FINANCIAL GLOBAL FUNDING		05/17/2021	JP MORGAN SECURITIES LLC		848,088	850,000		1.G FE
12481K-AS-7	CBAM 2017-2 AR - CDO	C.	06/01/2021	MLPFS INC FIXED INCOME		500,000	500,000		1.A FE
12564D-AC-8	CIFC 213 B - CDO	C.	05/26/2021	BARCLAYS CAPITAL INC.		500,000	500,000		1.C FE
14162V-AB-2	SABRA HEALTH CARE LP		04/30/2021	BARCLAYS CAPITAL INC.		2,246,720	2,000,000	22,493	2.C FE
14317Y-AG-9	CARLYLE US CLO 2021-5 LTD. - CDO	C.	05/26/2021	GOLDMAN, SACHS & CO.		500,000	500,000		1.Z
17326D-AH-5	CGCMT 2017-P8 C - CMBS		05/21/2021	CITIGROUP GLOBAL MARKETS INC.		3,301,055	3,000,000	8,533	5.B FM
225655-A@-8	CRESCENT CAPITAL BDC, INC.		05/05/2021	DIRECT		264,600	264,600		2.Z
37045X-DH-6	GENERAL MOTORS FINANCIAL COMPANY INC		04/06/2021	CITIGROUP GLOBAL MARKETS INC.		2,497,275	2,500,000		2.C FE
40637L-AA-8	HLSY 4 A - CDO	C.	06/04/2021	CITIGROUP GLOBAL MARKETS INC.		500,000	500,000		1.A FE
44891A-BX-4	HYUNDAI CAPITAL AMERICA		06/10/2021	BANK OF NEW YORK		1,639,952	1,650,000		2.A FE
46582T-AC-7	JPMIT 218 A3 - CMO/RMBS		06/24/2021	JP MORGAN SECURITIES LLC		1,478,934	1,460,000	2,940	1.Z
48252U-AJ-6	KKR 25R BR - CDO	C.	05/26/2021	Morgan Stanley		500,000	500,000		1.C FE
505742-AP-1	LADDER CAPITAL FINANCE HOLDINGS LLLP		06/10/2021	Various		1,003,463	1,000,000		3.C FE
52607N-AA-7	LENDMARK FUNDING TRUST 2021-1 - ABS		05/19/2021	United States Treasury Note/Bond		409,926	410,000		1.C FE
53621@-AY-2	LION INDUSTRIAL PROPERTIES LP		06/16/2021	DIRECT		900,000	900,000		2.Z
558216-AJ-4	MDPK C - CDO	C.	06/02/2021	MLPFS INC FIXED INCOME		500,000	500,000		1.F FE
58935F-AF-1	MERCURIA US FINANCE LLC		04/07/2021	Not Provided		1,265,000	1,265,000		1.Z
61691Y-AB-7	MSC 21L5 A2 - CMBS		04/29/2021	Morgan Stanley		1,999,931	2,000,000	843	1.A FE
68245X-AH-2	1011778 BC UNLIMITED LIABILITY CO	C.	06/16/2021	Various		1,004,340	1,000,000	11,948	3.B FE
68622T-AA-9	ORGANON FINANCE 1 LLC		04/09/2021	Morgan Stanley		1,014,450	1,000,000		3.B FE
6944PL-2E-8	PACIFIC LIFE GLOBAL FUNDING II		04/07/2021	JP MORGAN SECURITIES LLC		2,498,675	2,500,000		1.D FE
73052V-AG-0	POINT AU ROCHE PARK CLO LTD. - CDO	C.	05/28/2021	BNP SECURITIES		500,000	500,000		1.F FE
74368C-BC-7	PROTECTIVE LIFE GLOBAL FUNDING		04/05/2021	CITIGROUP GLOBAL MARKETS INC.		1,725,000	1,725,000		1.E FE
78403D-AT-7	SBATOW 2021-1 C - RMBS		04/29/2021	BARCLAYS CAPITAL INC.		920,000	920,000		1.F FE
81412D-AA-1	SECURITY BENEFIT GLOBAL FUNDING		05/14/2021	RBC CAPITAL MARKETS, LLC		1,179,552	1,180,000		1.G FE
82967N-BJ-6	SIRIUS XM RADIO INC		06/08/2021	Various		1,010,438	1,000,000		3.C FE
852234-AL-7	SQUARE INC		05/18/2021	GOLDMAN, SACHS & CO.		250,000	250,000		3.B FE
87166R-DJ-3	SYMPHONY CLO XXI LTD. - CDO	C.	06/30/2021	NETSUBSIBISHI UFJ SECURITIES		500,000	500,000		2.C Z
89236T-JF-3	TOYOTA MOTOR CREDIT CORP		04/06/2021	US Bank		1,544,490	1,545,000		1.E FE
91127K-AD-4	UNITED OVERSEAS BANK LTD	C.	04/07/2021	HSBC SECURITIES (USA) FXD INC		1,593,360	1,600,000		1.D FE
91533B-AD-2	VIATRIS INC		04/05/2021	WELLS FARGO SECURITIES LLC		995,580	1,000,000	7,875	2.C FE
919794-AE-7	VALLEY NATIONAL BANCORP		05/25/2021	KEYBANC CAPITAL MARKETS INC		1,375,000	1,375,000		2.C FE

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STATEMENT AS OF JUNE 30, 2021 OF THE KENTUCKY EMPLOYERS' MUTUAL INSURANCE AUTHORITY

**SCHEDULE D - PART 3**

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol
957638-AD-1	WESTERN ALLIANCE BANCORP		.06/03/2021	KEYBANC CAPITAL MARKETS INC		1,225,000	1,225,000		2.B FE
98212B-AL-7	WPX ENERGY INC		.04/01/2021	HSBC SECURITIES (USA) FXD INC		2,168	2,000	20	2.C FE
3899999. Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)						58,546,386	57,576,600	74,186	XXX
8399997. Total - Bonds - Part 3						70,062,540	68,579,210	93,211	XXX
8399998. Total - Bonds - Part 5						XXX	XXX	XXX	XXX
8399999. Total - Bonds						70,062,540	68,579,210	93,211	XXX
8999997. Total - Preferred Stocks - Part 3							XXX		XXX
8999998. Total - Preferred Stocks - Part 5						XXX	XXX	XXX	XXX
8999999. Total - Preferred Stocks							XXX		XXX
031162-10-0	AMGEN ORD		.06/02/2021	BARCLAYS CAPITAL INC./LE	331,000	78,208			
086516-10-1	BEST BUY ORD		.06/02/2021	BARCLAYS CAPITAL INC./LE	12,478,000	1,470,526			
110122-10-8	BRISTOL MYERS SQUIBB ORD		.06/02/2021	INSTINET	688,000	44,670			
11135F-10-1	BROADCOM ORD		.06/02/2021	INSTINET	373,000	176,668			
14149Y-10-8	CARDINAL HEALTH ORD		.06/02/2021	INSTINET	649,000	36,434			
149123-10-1	CATERPILLAR ORD		.06/02/2021	BARCLAYS CAPITAL INC./LE	5,906,000	1,438,846			
194162-10-3	COLGATE PALMOLIVE ORD		.06/02/2021	BARCLAYS CAPITAL INC./LE	33,000	2,731			
231021-10-6	CUMMINS ORD		.06/02/2021	INSTINET	415,000	107,958			
375558-10-3	GILEAD SCIENCES ORD		.06/02/2021	INSTINET	789,000	51,993			
40434L-10-5	HP ORD		.06/02/2021	INSTINET	4,415,000	131,994			
458140-10-0	INTEL ORD		.06/02/2021	GOLDMAN, SACHS & CO.	4,185,000	240,124			
478160-10-4	JOHNSON & JOHNSON ORD		.06/02/2021	BARCLAYS CAPITAL INC./LE	426,000	70,847			
494368-10-3	KIMBERLY CLARK ORD		.06/02/2021	BARCLAYS CAPITAL INC./LE	797,000	104,154			
532457-10-8	ELI LILLY ORD		.06/02/2021	INSTINET	913,000	182,070			
55261F-10-4	M&T BANK ORD		.06/03/2021	Various	7,764,000	1,264,523			
704326-10-7	PAYCHEX ORD		.06/02/2021	INSTINET	14,000	1,427			
742718-10-9	PROCTER & GAMBLE ORD		.06/02/2021	BARCLAYS CAPITAL INC./LE	221,000	29,428			
747525-10-3	QUALCOMM ORD		.06/02/2021	INSTINET	1,170,000	156,428			
882508-10-4	TEXAS INSTRUMENTS ORD		.06/02/2021	BARCLAYS CAPITAL INC./LE	74,000	14,079			
89417E-10-9	TRAVELERS COMPANIES ORD		.06/02/2021	BARCLAYS CAPITAL INC./LE	84,000	13,500			
907818-10-8	UNION PACIFIC ORD		.06/02/2021	INSTINET	82,000	18,446			
918204-10-8	VF ORD		.06/02/2021	INSTINET	1,777,000	140,880			
9099999. Subtotal - Common Stocks - Industrial and Miscellaneous (Unaffiliated) Publicly Traded						5,775,934	XXX		XXX
9799997. Total - Common Stocks - Part 3						5,775,934	XXX		XXX
9799998. Total - Common Stocks - Part 5						XXX	XXX	XXX	XXX
9799999. Total - Common Stocks						5,775,934	XXX		XXX
9899999. Total - Preferred and Common Stocks						5,775,934	XXX		XXX
9999999 - Totals						75,838,474	XXX	93,211	XXX

E04.1

















STATEMENT AS OF JUNE 30, 2021 OF THE KENTUCKY EMPLOYERS' MUTUAL INSURANCE AUTHORITY

**SCHEDULE D - PART 4**

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change In Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	For- eign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consid- eration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amor- tization)/ Accretion	Current Year's Other Than Temporary Impairment Recogn- ized	Total Change in Book/ Adjusted Carrying Value (11 + 12 - 13)	Total Foreign Exchange Change in Book /Adjusted Carrying Value	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Stated Con- tractual Maturity Date	NAIC Desig- nation, NAIC Desig- nation Modifier and SVO Admini- strative Symbol
609207-10-5	MONDELEZ INTERNATIONAL CL A ORD		06/07/2021	Various	7,053,000	450,295		400,179	412,389	(12,209)			(12,209)		400,179		50,115	50,115	4,443		
670346-10-5	NUCOR ORD		06/02/2021	BARCLAYS CAPITAL INC./LE	21,390,000	2,263,367		1,106,268	1,137,734	(31,466)			(31,466)		1,106,268		1,157,099	1,157,099	17,326		
693475-10-5	PNC FINANCIAL SERVICES GROUP ORD		06/07/2021	INSTINET	2,058,000	400,059		280,053	306,642	(26,589)			(26,589)		280,053		120,006	120,006	4,733		
704326-10-7	PAYCHEX ORD		06/07/2021	INSTINET	3,273,000	335,541		268,492	304,978	(36,486)			(36,486)		268,492		67,049	67,049	4,189		
713448-10-8	PEPSICO ORD		06/07/2021	INSTINET	2,552,000	376,724		285,928	378,462	(92,534)			(92,534)		285,928		90,796	90,796	7,626		
717081-10-3	PFIZER ORD		06/07/2021	INSTINET	10,339,000	403,573		361,407	380,579	(19,172)			(19,172)		361,407		42,166	42,166	8,064		
718172-10-9	PHILIP MORRIS INTERNATIONAL ORD		06/07/2021	INSTINET	3,968,000	388,266		316,025	328,511	(12,486)			(12,486)		316,025		72,241	72,241	9,523		
742718-10-9	PROCTER & GAMBLE ORD		06/07/2021	INSTINET	2,487,000	338,375		202,982	346,041	(143,059)			(143,059)		202,982		135,393	135,393	4,130		
747525-10-3	QUALCOMM ORD		06/07/2021	INSTINET	2,468,000	327,991		145,775	375,975	(230,200)			(230,200)		145,775		182,216	182,216	3,282		
75513E-10-1	RAYTHEON TECHNOLOGIES ORD		06/07/2021	INSTINET	5,198,000	461,347		387,894							387,894		73,453	73,453	2,651		
882508-10-4	TEXAS INSTRUMENTS ORD		06/07/2021	INSTINET	1,749,000	329,453		176,844	287,063	(110,220)			(110,220)		176,844		152,609	152,609	3,568		
88579Y-10-1	3M ORD		06/07/2021	Various	2,041,000	419,670		438,476	356,746	81,730			81,730		438,476		(18,806)	(18,806)	6,041		
89417E-10-9	TRAVELERS COMPANIES ORD		06/07/2021	INSTINET	2,054,000	327,569		284,636	288,320	(3,684)			(3,684)		284,636		42,933	42,933	1,746		
902494-10-3	TYSON FOODS CL A ORD		06/07/2021	INSTINET	5,501,000	434,785		367,092	354,484	12,608			12,608		367,092		67,693	67,693	4,896		
907818-10-8	UNION PACIFIC ORD		06/07/2021	INSTINET	1,469,000	332,380		248,953	305,875	(56,922)			(56,922)		248,953		83,427	83,427	2,997		
911312-10-6	UNITED PARCEL SERVICE CL B ORD		06/07/2021	Various	3,113,000	657,350		330,201	524,229	(194,028)			(194,028)		330,201		327,149	327,149	6,351		
918204-10-8	VF ORD		06/07/2021	INSTINET	4,139,000	330,310		334,217	353,512	(19,295)			(19,295)		334,217		(3,907)	(3,907)	2,028		
92343V-10-4	VERIZON COMMUNICATIONS ORD		06/02/2021	INSTINET	23,704,000	1,340,597		1,268,889	1,203,964	(113,549)			(113,549)		1,268,889		71,708	71,708	27,734		
9099999	Subtotal - Common Stocks - Industrial and Miscellaneous (Unaffiliated) Publicly Traded				20,868,693	XXX		16,001,663	15,063,465	(2,009,217)			(2,009,217)		16,001,663		4,867,030	4,867,030	227,601	XXX	XXX
9799997	Total - Common Stocks - Part 4				20,868,693	XXX		16,001,663	15,063,465	(2,009,217)			(2,009,217)		16,001,663		4,867,030	4,867,030	227,601	XXX	XXX
9799998	Total - Common Stocks - Part 5				XXX	XXX		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
9799999	Total - Common Stocks				20,868,693	XXX		16,001,663	15,063,465	(2,009,217)			(2,009,217)		16,001,663		4,867,030	4,867,030	227,601	XXX	XXX
9899999	Total - Preferred and Common Stocks				20,868,693	XXX		16,001,663	15,063,465	(2,009,217)			(2,009,217)		16,001,663		4,867,030	4,867,030	227,601	XXX	XXX
9999999	Totals				76,867,144	XXX		74,460,578	64,499,945	(1,997,068)	(558,499)		(2,555,567)		73,801,951		2,974,942	2,974,942	3,163,724	XXX	XXX

E05.7

Schedule DB - Part A - Section 1 - Options, Caps, Floors, Collars, Swaps and Forwards Open

**N O N E**

Schedule DB - Part B - Section 1 - Futures Contracts Open

**N O N E**

Schedule DB - Part B - Section 1B - Brokers with whom cash deposits have been made

**N O N E**

Schedule DB - Part D - Section 1 - Counterparty Exposure for Derivative Instruments Open

**N O N E**

Schedule DB - Part D-Section 2 - Collateral for Derivative Instruments Open - Pledged By

**N O N E**

Schedule DB - Part D-Section 2 - Collateral for Derivative Instruments Open - Pledged To

**N O N E**

Schedule DB - Part E - Derivatives Hedging Variable Annuity Guarantees

**N O N E**

Schedule DL - Part 1 - Reinvested Collateral Assets Owned

**N O N E**

Schedule DL - Part 2 - Reinvested Collateral Assets Owned

**N O N E**



