

KESA, The Kentucky Workers' Compensation Fund
Dividend Policy

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KESA may from time to time distribute dividends, but there is no guarantee that it will do so. All dividends actually distributed will be based on one or more particular insurance years. KESA will distribute any such dividends to all Members and former Members which had final adjusted premium with KESA for that insurance year, subject to the limitations and adjustments stated in this Policy.

Dividends will be based on the respective Members' and former Members' pro-rata percentages of KESA's final audited premium for all Members and former Members for that insurance year, excluding those former Members that are no longer in business and those Members and former Members which owe KESA amounts greater than the dividends they are otherwise due.

If a former Member is no longer in business, 100% of the dividend otherwise due that former Member will be allocated to the remaining Members and former Members which had final adjusted premium with KESA for that insurance year.

If the dividend otherwise due a Member or former Member

is less than the actual amount due from that Member or former Member, 100% of the dividend will be allocated to the remaining Members and former Members. If the dividend otherwise due is more than the amount of due from the Member or former Member, only that portion of the dividend that is in excess of the amount due from the Member or former Member will be distributed to that Member or former Member, and the remaining portion of the dividend will be allocated among to the remaining Members and former Members which had final adjusted premium with KESA for that insurance year.

This Plan is subject to being filed with, and must be approved by, the Executive Director of the Kentucky Office of Insurance (KOI), pursuant to KRS 304.50-055. The KOI Executive Director's approval of this Plan does not constitute the KOI Executive Director's approval of any particular dividend. KESA will not pay any dividend unless it has notified the KOI Executive Director at least thirty (30) days prior to the payment, and the KOI Executive Director has not disapproved the payment within that time.