



**FINANCE AND ADMINISTRATION CABINET  
OFFICE OF THE CONTROLLER  
DIVISION OF STATE RISK AND INSURANCE SERVICES**

**Andy Beshear**  
GOVERNOR

**L. Joe McDaniel**  
CONTROLLER

**Holly M. Johnson**  
SECRETARY

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**Sheri B. Whisman**  
DIVISION DIRECTOR

**MEMORANDUM**

**TO:** Agency Budget Contacts

**FROM:** L. Joe McDaniel, Controller  
Office of the Controller

A handwritten signature in blue ink, appearing to read "L. Joe McDaniel".

**SUBJECT:** Fire and Tornado Premium Rate Increase

Due to the significant number and severity of the storms and flooding impacting the Commonwealth and the necessity of procuring a new reinsurance contract, there is a significant increase in the cost of insuring state property through the Fire and Tornado Fund.

This communication is to provide your agency's cost estimates and the basis for the significant premium increase proposed for the upcoming 2024-2026 budget request process. This increase is necessary to maintain the financial viability of the Fund, while ensuring an adequate response to risk and provide the necessary coverage to all participants.

The context for this significant increase includes the property and casualty insurance market which has undergone considerable instability, largely due to an upsurge in catastrophic events. These events have created a ripple effect across the insurance industry, influencing pricing and coverage terms. For policy years 2022 and 2023, the Fire and Tornado Fund has experienced a total of four catastrophic events. This unusual frequency of events has had significant impacts on our claim expenses.

While the Commonwealth is self-insured, it mitigates risk by obtaining reinsurance. The reinsurance renewal for the next biennium presented a considerable challenge. The cost of renewal escalated due to the Commonwealth's claim history and the reinsurance market's decision to reduce risk exposures both domestically and globally.

Fire and Tornado 2024-2026 Aids to Calculations (object code: E254)

Cabinet Name	Dept.	Department Name	Function Group	Function Group Name	2022-2023 Actual	2023-2024 Actual	2024-2025 Projected	2025-2026 Projected
Legislative Cabinet	005	General Assembly	005A	General Assembly	8,325.00	148,103.00	371,057.26	371,057.26
<b>Legislative Cabinet Totals</b>					<b>8,325.00</b>	<b>148,103.00</b>	<b>371,057.26</b>	<b>371,057.26</b>
Judicial Cabinet	020	Judicial Form Retirement System	020C	Judicial Form Retirement System	13.00	13.00	32.57	32.57
	025	Judicial Department	20A0	Court Operations and Administration	91,214.00	84,925.00	212,770.70	212,770.70
<b>Judicial Cabinet Totals</b>					<b>91,227.00</b>	<b>84,938.00</b>	<b>212,803.27</b>	<b>212,803.27</b>
General Government Cabinet	030	Unified Prosecutorial System	030A	Commonwealth Attorneys	7,600.00	7,540.00	18,890.68	18,890.68
	030	Unified Prosecutorial System	030B	County Attorneys	736.00	730.00	1,828.94	1,828.94
	035	Department Of Agriculture	035W	Agriculture	5,114.00	5,988.00	15,002.31	15,002.31
	040	Attorney General	040M	Attorney General	2,889.00	2,652.00	6,644.31	6,644.31
	045	Auditor Of Public Accounts	045C	Auditor of Public Accounts	460.00	509.00	1,275.25	1,275.25
	066	Registry Of Election Finance	066N	Registry of Election Finance	394.00	394.00	987.13	987.13
	070	Governor's Office	GOV0	Office of the Governor	353.00	353.00	884.40	884.40
	074	Department Of Veterans Affairs	074D	Department of Veterans' Affairs	204,716.00	225,079.00	563,911.87	563,911.87
	076	Military Affairs Commission	GOV0	Office of the Governor	31.00	31.00	77.67	77.67
	082	Ky Infrastructure Authority	082K	Kentucky Infrastructure Authority	151.00	151.00	378.31	378.31
	084	Ky River Authority	084J	Kentucky River Authority	6,320.00	6,846.00	17,151.94	17,151.94
	085	Lieutenant Governor's Office	GOV0	Office of the Governor	32.00	32.00	80.17	80.17
	095	Department Of Military Affairs	095K	Military Affairs	1,068,926.00	1,199,994.00	3,006,459.33	3,006,459.33
	100	Kentucky Public Pensions Authority	100H	Kentucky Retirement Systems	5,572.00	5,066.00	12,692.33	12,692.33
	112	Department for Local Government	LDA0	Department for Local Government	449.00	449.00	1,124.92	1,124.92
	120	Secretary Of State	120E	Secretary of State	699.00	699.00	1,751.27	1,751.27
	125	State Treasurer	125D	Treasury	2,219.00	2,328.00	5,832.56	5,832.56
	137	Kentucky Communications Network Authority	137A	KY Communications Network Authority	7,535.00	10,411.00	26,083.67	26,083.67
	150	Board Of Accountancy	150A	Board of Accountancy	90.00	90.00	225.49	225.49
	165	Board Of Barbering	165A	Barbering	36.00	37.00	92.70	92.70
	170	Board Of Chiropractic Examiners	170A	Chiropractic Examiners	16.00	15.00	37.58	37.58
	180	Board Of Dentistry	180A	Dentistry	39.00	39.00	97.71	97.71
	185	Board Of Elections	185F	Board of Elections	999.00	999.00	2,502.89	2,502.89
	190	Board Of Embalmers And Funeral Home Directors	190A	Embalmers and Funeral Directors	27.00	27.00	67.65	67.65
	225	Board Of Hairdressers And Cosmetologists	225A	Kentucky Board of Cosmetology	402.00	402.00	1,007.17	1,007.17
	245	Board Of Medical Licensure	245A	Medical Licensure	155.00	155.00	388.34	388.34
	250	Board Of Nursing	250A	Nursing	706.00	750.00	1,879.05	1,879.05
	260	Board Of Optometric Examiners	260A	Optometric Examiners	59.00	59.00	147.82	147.82
	263	Board For Respiratory Care Practitioners	263A	Respiratory Care	24.00	24.00	60.13	60.13
	268	Personnel Board	268A	Personnel Board	43.00	43.00	107.73	107.73
	270	Board Of Pharmacy	270A	Pharmacy	89.00	89.00	222.98	222.98
	275	Board Of Physical Therapist	275A	Physical Therapy	25.00	24.00	60.13	60.13
345	School Facilities Construction Commission	345A	School Facilities Construction Commission	39.00	39.00	97.71	97.71	
370	Human Rights Commission	370C	Commission on Human Rights	189.00	187.00	468.51	468.51	
560	Ky Teachers Retirement System	560R	Teachers' Retirement System	9,035.00	10,161.00	25,457.32	25,457.32	
765	Office Of State Budget Director	765A	Office of State Budget Director	291.00	1,038.00	2,600.60	2,600.60	
<b>Cabinet of the General Government Totals</b>					<b>1,326,460.00</b>	<b>1,483,430.00</b>	<b>3,716,578.55</b>	<b>3,716,578.55</b>
Transportation Cabinet	609	Office of Support Services	35K0	General Administration and Support	1,327,647.00	1,368,471.00	3,428,560.81	3,428,560.81
	617	Office of Information Technology	35K0	General Administration and Support	9,478.00	6,947.00	17,404.98	17,404.98
<b>Transportation Cabinet Totals</b>					<b>1,337,125.00</b>	<b>1,375,418.00</b>	<b>3,445,965.79</b>	<b>3,445,965.79</b>
Cabinet for Economic Development	635	Econ Dev - Office Of The Secretary	635E	Economic Development	816.00	816.00	2,044.40	2,044.40
<b>Cabinet for Economic Development Totals</b>					<b>816.00</b>	<b>816.00</b>	<b>2,044.40</b>	<b>2,044.40</b>
Finance & Administration Cabinet	079	Commonwealth Office Of Technology	0790	Commonwealth Office of Technology	64,153.00	65,363.00	163,760.15	163,760.15
	103	Office of PVA Accounting	PVA0	Property Valuation Administrators	3,880.00	3,897.00	9,763.53	9,763.53
	130	Department Of Revenue	130X	Revenue	5,883.00	6,355.00	15,921.79	15,921.79
	750	Finance - Office Of The Secretary	7500	General Administration	6,796.00	14,420.00	36,127.80	36,127.80
	758	Office Of The Controller	7580	Controller	1,859.00	3,358.00	8,413.12	8,413.12
785	Facilities & Support Services	7850	Facilities and Support Services	1,020,818.00	1,077,476.00	2,699,503.31	2,699,503.31	
<b>Finance &amp; Administration Cabinet Totals</b>					<b>1,103,389.00</b>	<b>1,170,869.00</b>	<b>2,933,489.69</b>	<b>2,933,489.69</b>
Cabinet for Universities	075	Kentucky Higher Education Assistance Authority	075X	Kentucky Higher Education Assistance Authority	17,523.00	19,951.00	49,985.14	49,985.14
	415	Council On Postsecondary Education	415W	Council on Postsecondary Education	512.00	512.00	1,282.76	1,282.76
	430	Eastern Kentucky University	430U	Eastern Kentucky University	1,888,890.00	2,076,248.00	5,201,821.98	5,201,821.98
	435	Kentucky State University	435U	Kentucky State University	491,749.00	546,084.00	1,368,156.29	1,368,156.29
	440	Morehead State University	440U	Morehead State University	1,081,704.00	1,179,044.00	2,953,971.30	2,953,971.30
	445	Murray State University	445U	Murray State University	1,251,434.00	1,374,784.00	3,444,377.37	3,444,377.37
	450	Northern Kentucky University	450U	Northern Kentucky University	1,172,282.00	1,263,479.00	3,165,514.35	3,165,514.35
	455	University of Kentucky	455U	University of Kentucky	5,025,469.00	6,605,999.00	16,550,638.85	16,550,638.85
	460	University of Louisville	460U	University of Louisville	2,881,313.00	3,206,189.00	8,032,770.85	8,032,770.85
470	Ky Community Technical College System	470U	Ky Community and Technical College System	2,777,031.00	3,080,539.00	7,717,967.93	7,717,967.93	
465	Western Kentucky University	465U	Western Kentucky University	1,397,803.00	1,448,680.00	3,629,516.06	3,629,516.06	
<b>Cabinet for Universities Totals</b>					<b>17,985,710.00</b>	<b>20,801,509.00</b>	<b>52,116,002.88</b>	<b>52,116,002.88</b>

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**Fire and Tornado 2024-2026 Aids to Calculations (object code: E254)**

Cabinet Name	Dept.	Department Name	Function Group	Function Group Name	2022-2023 Actual	2023-2024 Actual	2024-2025 Projected	2025-2026 Projected
Tourism, Arts and Heritage Cabinet	235	Kentucky State Fair Board	235W	State Fair Board	1,639,251.00	1,767,498.00	4,428,281.18	4,428,281.18
	410	Kentucky Heritage Council	410R	Heritage Council	118.00	118.00	295.64	295.64
	529	Kentucky Arts Council	529K	Arts Council	633.00	652.00	1,633.52	1,633.52
	550	Kentucky Historical Society	550P	Historical Society	4,109.00	4,107.00	10,289.66	10,289.66
	552	Kentucky Center For The Arts	552H	Kentucky Center for the Arts	205,263.00	233,025.00	583,819.74	583,819.74
	660	Kentucky Fish And Wildlife Resources	660G	Fish and Wildlife Resources	211,719.00	231,811.00	580,778.19	580,778.19
	665	Kentucky Horse Park	665N	Horse Park Commission	385,977.00	423,952.00	1,062,167.35	1,062,167.35
	670	Kentucky Department Of Parks	670K	Parks	2,451,269.00	2,726,466.00	6,830,875.10	6,830,875.10
	852	Kentucky Artisans Center At Berea	852F	Berea Artisans Center	16,722.00	36,270.00	90,870.69	90,870.69
860	Department Of Travel	860F	Kentucky Department of Tourism	1,028.00	1,045.00	2,618.14	2,618.14	
<b>Tourism, Arts and Heritage Cabinet Totals</b>					<b>4,916,089.00</b>	<b>5,424,944.00</b>	<b>13,591,629.20</b>	<b>13,591,629.20</b>
Education & Workforce Development Cabinet	114	Workers' Compensation Funding Commission	114W	Workers' Compensation Funding Commission	39,518.00	47,354.00	118,640.49	118,640.49
	340	Commission On Deaf And Hard Of Hearing	340T	Deaf and Hard of Hearing	228.00	228.00	571.23	571.23
	507	Education - Office Of The Secretary	570S	General Administration and Program Support	2,400.00	2,400.00	6,012.95	6,012.95
	531	Department For Workforce Investment	WD00	Department of Workforce Investment	70,458.00	79,148.00	198,297.03	198,297.03
	540	Department Of Education	EDB0	Operations and Support Services	222,297.00	258,972.00	648,827.23	648,827.23
	540	Department Of Education	EDD0	Learning and Results Services	48,912.00	46,881.00	117,455.44	117,455.44
	545	Kentucky Educational Television	545G	Kentucky Educational Television	150,320.00	164,155.00	411,273.17	411,273.17
555	Department For Libraries & Archives	555Q	Libraries and Archives - General Operations	5,706.00	5,706.00	14,295.79	14,295.79	
<b>Education &amp; Workforce Development Cabinet Totals</b>					<b>539,839.00</b>	<b>604,844.00</b>	<b>1,515,373.31</b>	<b>1,515,373.31</b>
Health & Family Services Cabinet	721	CHFS - Office Of The Secretary	721A	General Administration and Program Support	5,109.00	4,299.00	10,770.69	10,770.69
	723	Office of Inspector General	721A	General Administration and Program Support	1,094.00	1,810.00	4,534.77	4,534.77
	725	CHFS - Department for Aging and Independent Living	725G	Aging and Independent Living	126.00	126.00	315.68	315.68
	727	Department for Income Support	727M	Income Support	4,402.00	4,374.00	10,958.60	10,958.60
	728	Department For Public Health	728S	Public Health	18,776.00	26,610.00	66,668.57	66,668.57
	729	Behavioral Health, Developmental & Intellectual Disabilities	729T	Behavioral Health, Dev & Intellectual Disabilities	408,057.00	457,146.00	1,145,331.44	1,145,331.44
	736	Department For Community Based Services	736Z	Community Based Services	9,239.00	9,313.00	23,332.75	23,332.75
767	Office for Children With Special Health Care Needs	767Y	Office for Children with Special Health Care Needs	4,521.00	4,430.00	11,098.90	11,098.90	
<b>Health &amp; Family Services Cabinet Totals</b>					<b>451,324.00</b>	<b>508,108.00</b>	<b>1,273,011.40</b>	<b>1,273,011.40</b>
Justice & Public Safety Cabinet	500	Justice - Office Of The Secretary	500A	Justice Administration	346.00	338.00	846.82	846.82
	515	Department For Public Advocacy	515B	Public Advocacy	4,122.00	4,094.00	10,257.09	10,257.09
	520	Kentucky State Police	520D	State Police	363,940.00	378,872.00	949,224.13	949,224.13
	523	Department Of Juvenile Justice	523J	Juvenile Justice	238,653.00	263,199.00	659,417.54	659,417.54
	525	Department Of Criminal Justice Training	525E	Criminal Justice Training	82,143.00	90,838.00	227,585.10	227,585.10
	527	Department Of Corrections	527B	Community Services and Local Facilities	5,250.00	5,234.00	13,113.24	13,113.24
527	Department Of Corrections	527C	Adult Correctional Institutions	1,848,312.00	2,026,098.00	5,076,176.41	5,076,176.41	
<b>Justice &amp; Public Safety Cabinet Totals</b>					<b>2,542,766.00</b>	<b>2,768,673.00</b>	<b>6,936,620.32</b>	<b>6,936,620.32</b>
Personnel Cabinet	790	Personnel - Office Of The Secretary	55A0	General Operations	307.00	307.00	769.16	769.16
<b>Personnel Cabinet Totals</b>					<b>307.00</b>	<b>307.00</b>	<b>769.16</b>	<b>769.16</b>
Energy and Environment Cabinet	123	KY Public Service Commission	123F	Public Service Commission	1,099.00	1,099.00	2,753.43	2,753.43
	126	EEC - Office of the Secretary	126A	Secretary	59.00	74.00	185.40	185.40
	128	Department for Natural Resources	128N	Natural Resources	56,457.00	57,974.00	145,247.79	145,247.79
	129	Department for Environmental Protection	129B	Environmental Protection	22,877.00	25,018.00	62,679.98	62,679.98
	139	Office of Administrative Services	139A	Office of Administrative Services	85.00	106.00	265.57	265.57
	140	Office of KY Nature Preserves	140A	Office of KY Nature Preserves	3,381.00	3,644.00	9,129.66	9,129.66
141	Office of Energy Policy	141E	Office of Energy Policy	125.00	123.00	308.16	308.16	
<b>Energy and Environment Cabinet Totals</b>					<b>84,083.00</b>	<b>88,038.00</b>	<b>220,569.99</b>	<b>220,569.99</b>
Public Protection Cabinet	374	Horse Racing Commission	374A	Horse Racing Commission	155.00	155.00	388.34	388.34
	672	Office of Claims & Appeals	672K	Claims and Appeals	7.00	7.00	17.54	17.54
	675	Pub Protection - Office of the Secretary	675J	Secretary	37.00	-	-	-
	676	Department of Insurance	676D	Insurance	33.00	33.00	82.68	82.68
	677	Department of Professional Licensing	677A	Professional Licensing	356.00	357.00	894.43	894.43
	680	Department of Alcoholic Beverage Control	680B	Alcoholic Beverage Control	1,446.00	1,446.00	3,622.80	3,622.80
	681	Department of Charitable Gaming	681C	Charitable Gaming	9.00	9.00	22.55	22.55
685	Department of Financial Institutions	685G	Financial Institutions	55.00	55.00	137.80	137.80	
<b>Public Protection Cabinet Totals</b>					<b>2,098.00</b>	<b>2,062.00</b>	<b>5,166.13</b>	<b>5,166.13</b>

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