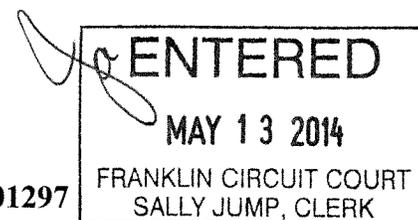


COMMONWEALTH OF KENTUCKY
FRANKLIN CIRCUIT COURT
DIVISION II

CIVIL ACTION No. 13-CI-01282
CONSOLIDATED WITH 13-CI-01296 and 13-CI-01297



**SHARON P. CLARK, in her official capacity as
COMMISSIONER, KENTUCKY DEPARTMENT
OF INSURANCE**

PETITIONER

vs.

**KENTUCKY LEAGUE OF CITIES INSURANCE
SERVICES ASSOCIATION;
KENTUCKY LEAGUE OF CITIES, INC., et al.**

RESPONDENTS

ORDER ADOPTING PROPERTY AND LIABILITY ASSESSMENT PLAN

Sharon P. Clark, Commissioner of Insurance for the Commonwealth of Kentucky (the “Rehabilitator”), is the duly appointed Rehabilitator of the Kentucky School Boards Insurance Trust Property and Liability Self-Insurance Fund (the “KSBIT Liability Fund”). KRS 304.33-160(5) authorizes the Rehabilitator to enter into plans for the reorganization, conversion, consolidation, reinsurance, merger, or other transformation of the KSBIT Liability Fund.

A hearing was convened on March 12 and 13, 2014 at which the Rehabilitator and the KSBIT Board presented proposed assessment plans to cure the deficit of the KSBIT Liability Fund.

The Court has considered the assessment plans presented by the Rehabilitator and by the KSBIT Board, and has considered the Statements of Position filed by the various fund members thereto.

IT IS ORDERED, ADJUDGED AND DECREED that:

1. KSBIT's Assessment Plan, which excludes repayment of the surplus notes, is in the best interests of the KSBIT Liability Fund's policyholders, claimants, and the public.

2. The Assessment Plan, as presented at the March 12 and 13, 2014 hearing, was properly prepared in accordance with KRS 304.33-160(5), which authorizes plans for reorganization, conversion, consolidation, reinsurance, merger, or other transformation of an insurer.

3. Pursuant to the Fund's Self-Insurance Agreements with its members, and pursuant to KRS 304.48-250, the Rehabilitator is to assess the Fund's members an aggregate amount necessary to satisfy the liabilities and obligations of the KSBIT Liability Fund. The Court concludes and adjudges that the amount necessary to satisfy this purpose is \$12,534,463.

4. The KSBIT's Assessment Plan, as presented at the March 12 and 13, 2014 hearing, is fair and equitable and does not discriminate between the Fund's members. Accordingly, the Court approves the Assessment Plan and incorporates it herein by reference.

5. The Rehabilitator is to levy the assessment against the members of the KSBIT Liability Fund as contemplated by the Assessment Plan and, to pursue diligently the collection of all assessment payments hereby authorized and directed by the Assessment Plan. If the actual collections of the assessment contemplated by the Assessment Plan are insufficient to satisfy all liabilities of the KSBIT Liability Fund, including administrative expenses to administer the Fund, the Rehabilitator shall, subject to the oversight of this Court, levy additional assessments on the members of the KSBIT Liability Fund in order to satisfy the liabilities of the Fund.

6. If any assessed member of the KSBIT Liability Fund is more than seven (7) days past due on any payment of the assessment, the Rehabilitator is to commence collection of such past due installment payment pursuant to KRS 304.48-250 and KRS 160.160(5) by the intercept,

as contemplated by the Memorandum of Understanding, of any payment due to such member from the Commonwealth of Kentucky (the "Intercept").

7. The Intercept is a lawful and proper mechanism to ensure payment of the KSBIT Liability Fund's members' assessment liabilities and to ensure payment of the assessment to the Rehabilitator. In furtherance thereof, all instrumentalities of the Commonwealth involved in the allocation or delivery of payments due to a member of the KSBIT Liability Fund, including the Kentucky Department of Education and the Kentucky Finance and Administration Cabinet, are directed to effectuate the Intercept and remit the same to the Rehabilitator.

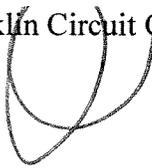
8. The Court retains jurisdiction to issue such further orders as it may deem appropriate.

**Signature on file with
original document**

Dated: _____

5/13/2014

Judge, Franklin Circuit Court



CERTIFICATE OF SERVICE

13th I hereby certify that a true and correct copy of the foregoing Order was mailed, this day of May, 2014, to the following:

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**Signature on file with
original document**

✓ Sally Jump, Franklin County Circuit Court Clerk

Kentucky School Boards Insurance Trust					
Liability and Property Programs					
Estimated Assessment Amounts					
		KSBIT Plan	DOI Plan	KSBIT Plan	DOI Plan
		Without	Without	Including	Including
Member	Member Number	Repayment of Surplus Note	Repayment of Surplus Note	Repayment of Surplus Note	Repayment of Surplus Note*
Adair County Board Of Education	1000	32,316	-	42,002	Not Provided*
Allen County Board Of Education	1001	18,134	-	23,570	Not Provided*
Anchorage Ind. Board Of Education	1002	39,123	43,699	50,885	Not Provided*
Anderson County Board Of Education	1003	783	-	1,018	Not Provided*
Ashland Ind. Board Of Education	1004	34,443	-	44,767	Not Provided*
Augusta Ind. Board Of Education	1005	2,702	-	3,511	Not Provided*
Ballard County Board Of Education	1007	52,359	117,192	68,091	Not Provided*
Barbourville Ind. Board Of Education	1008	24,959	80,279	32,458	Not Provided*
Bardstown Ind. Board Of Education	1009	11	-	-	Not Provided*
Barren County Board Of Education	1010	5,844	-	7,595	Not Provided*
Bath County Board Of Education	1011	2,680	-	3,483	Not Provided*
Beechwood Ind. Board Of Education	1012	11,281	31,049	14,662	Not Provided*
Bell County Board Of Education	1013	98,445	-	127,951	Not Provided*
Bellevue Ind. Board Of Education	1014	2,353	-	3,059	Not Provided*
Berea Ind. Board Of Education	1015	535	-	695	Not Provided*
Boone County Board Of Education	1017	277,547	449,405	361,110	Not Provided*
Bourbon County Board Of Education	1018	97,031	90,138	126,169	Not Provided*
Bowling Green Ind. Board Of Education	1019	2,117	-	2,751	Not Provided*
Boyd County Board Of Education	1020	49,275	14,228	64,043	Not Provided*
Boyle County Board Of Education	1021	11,075	2,846	14,394	Not Provided*
Bracken County Board Of Education	1022	4,273	15,508	5,553	Not Provided*
Breathitt County Board Of Education	1023	358,722	591,657	466,530	Not Provided*
Breckinridge County Board Of Education	1024	147	-	-	Not Provided*
Bullitt County Board Of Education	1025	179,670	192,564	233,990	Not Provided*
Burgin Ind. Board Of Education	1026	6,422	2,370	8,347	Not Provided*
Butler County Board Of Education	1027	1,299	-	1,688	Not Provided*
Caldwell County Board Of Education	1028	2,548	-	3,311	Not Provided*
Calloway County Board Of Education	1029	77,367	109,415	100,636	Not Provided*
Campbell County Board Of Education	1030	21,368	-	27,772	Not Provided*
Campbellsville Ind. Board Of Education	1031	103,051	23,504	133,938	Not Provided*
Carlisle County Board Of Education	1032	51,830	71,099	67,388	Not Provided*
Carroll County Board Of Education	1033	156	-	-	Not Provided*
Carter County Board Of Education	1034	22,476	88,677	29,325	Not Provided*
Casey County Board Of Education	1035	1,731	-	2,250	Not Provided*
Caverna Ind. Board Of Education	1037	12,490	26,780	16,254	Not Provided*
Central Kentucky	1038	468	-	608	Not Provided*
Christian County Board Of Education	1040	1,167	-	-	Not Provided*
Clark County Board Of Education	1041	21,265	-	27,638	Not Provided*
Clay County Board Of Education	1042	36,115	-	46,939	Not Provided*
Clinton County Board Of Education	1043	4,908	-	6,379	Not Provided*
Cloverport Ind. Board Of Education	1044	37,472	59,247	48,713	Not Provided*

		KSBIT Plan	DOI Plan	KSBIT Plan	DOI Plan
		Without	Without	Including	Including
	Member	Repayment of	Repayment of	Repayment of	Repayment of
<u>Member</u>	<u>Number</u>	<u>Surplus Note</u>	<u>Surplus Note</u>	<u>Surplus Note</u>	<u>Surplus Note*</u>
Corbin Ind. Board Of Education	1045	25,662	26,938	33,397	Not Provided*
Covington Ind. Board Of Education	1046	9,158	-	11,903	Not Provided*
Crittenden County Board Of Education	1047	11,335	-	14,732	Not Provided*
Cumberland County Board Of Education	1048	8,020	-	10,424	Not Provided*
Danville Ind. Board Of Education	1049	18,993	26,096	24,686	Not Provided*
Daviess County Board Of Education	1050	12,617	-	16,399	Not Provided*
Dawson Springs Ind. Board Of Education	1051	74	-	-	Not Provided*
Dayton Ind. Board Of Education	1052	10,863	-	14,118	Not Provided*
East Bernstadt Ind. Board Of Education	1053	18,786	16,448	24,429	Not Provided*
Edmonson County Board Of Education	1054	6,122	-	7,957	Not Provided*
Elizabethtown Ind. Board Of Education	1055	912	-	1,185	Not Provided*
Elliott County Board Of Education	1056	32,599	50,065	42,408	Not Provided*
Eminence Ind. Board Of Education	1057	47,111	133,292	61,245	Not Provided*
Erlanger-Elsmere Ind. Board Of Education	1058	1,471	-	1,912	Not Provided*
Estill County Board Of Education	1059	49,112	93,748	63,898	Not Provided*
Fairview Ind. Board Of Education	1060	11,172	24,683	14,539	Not Provided*
Fayette County Board Of Education	1061	230,002	438,390	299,197	Not Provided*
Fleming County Board Of Education	1062	71,945	113,076	93,564	Not Provided*
Floyd County Board Of Education	1063	224,071	484,135	291,558	Not Provided*
Ft. Thomas Ind. Board Of Education	1064	19,615	28,787	25,494	Not Provided*
Frankfort Ind. Board Of Education	1065	20,727	58,022	26,966	Not Provided*
Franklin County Board Of Education	1066	78,954	83,871	102,619	Not Provided*
Fulton County Board Of Education	1067	23,301	28,525	30,305	Not Provided*
Fulton Ind. Board Of Education	1068	9,801	19,515	12,754	Not Provided*
Gallatin County Board Of Education	1069	30,258	68,551	39,367	Not Provided*
Garrard County Board Of Education	1070	19,990	-	25,982	Not Provided*
Glasgow Ind. Board Of Education	1071	3,722	-	4,837	Not Provided*
Grant County Board Of Education	1072	30,991	-	40,280	Not Provided*
Graves County Board Of Education	1073	184,199	175,935	239,481	Not Provided*
Grayson County Board Of Education	1074	2,138	-	2,779	Not Provided*
Green County Board Of Education	1075	46,498	68,054	60,434	Not Provided*
Green River Regional Education Coop.	1076	1,034	2,586	1,346	Not Provided*
Greenup County Board Of Education	1077	66,985	103,187	87,232	Not Provided*
Greenville Ind. Board Of Education	1078	0	-	-	Not Provided*
Hancock County Board Of Education	1079	9,721	-	12,634	Not Provided*
Hardin County Board Of Education	1080	7,295	-	9,481	Not Provided*
Harlan Ind. Board Of Education	1081	14,892	31,248	19,375	Not Provided*
Harlan County Board Of Education	1082	11,659	-	15,154	Not Provided*
Harrison County Board Of Education	1083	31,677	47,676	41,172	Not Provided*
Harrodsburg Ind. Board Of Education	1084	4,863	-	6,320	Not Provided*
Hart County Board Of Education	1085	109,604	146,664	142,529	Not Provided*
Hazard Ind. Board Of Education	1086	6,699	-	8,706	Not Provided*
Henderson County Board Of Education	1087	19,732	-	25,646	Not Provided*
Henry County Board Of Education	1088	82,822	52,360	107,646	Not Provided*
Hickman County Board Of Education	1089	34,116	81,197	44,376	Not Provided*
Hopkins County Board Of Education	1090	3,226	-	4,193	Not Provided*
Jackson County Board Of Education	1091	63,140	133,121	82,125	Not Provided*

		KSBIT Plan	DOI Plan	KSBIT Plan	DOI Plan
		Without	Without	Including	Including
	Member	Repayment of	Repayment of	Repayment of	Repayment of
<u>Member</u>	<u>Number</u>	<u>Surplus Note</u>	<u>Surplus Note</u>	<u>Surplus Note</u>	<u>Surplus Note*</u>
Jackson Ind. Board Of Education	1092	41,143	94,566	53,484	Not Provided*
Jefferson County Board Of Education	1094	229,019	-	297,662	Not Provided*
Jenkins Ind. Board Of Education	1095	14,100	30,450	18,341	Not Provided*
Jessamine County Board Of Education	1096	5,401	-	7,020	Not Provided*
Johnson County Board Of Education	1097	109,618	143,243	142,961	Not Provided*
Kenton County Board Of Education	1098	52,788	135,282	68,796	Not Provided*
Kentucky Educational Dev. Corp	1099	19,989	70,874	25,994	Not Provided*
Kentucky School Boards Association	1100	3,922	10,738	5,104	Not Provided*
Kentucky Valley Education Coop.	1105	3,400	4,700	4,422	Not Provided*
Knott County Board Of Education	1106	81,353	50,385	105,736	Not Provided*
Knox County Board Of Education	1107	186,485	296,688	242,744	Not Provided*
Larue County Board Of Education	1108	39	-	-	Not Provided*
Laurel County Board Of Education	1109	157,276	447,419	204,910	Not Provided*
Lawrence County Board Of Education	1110	51,454	112,505	67,216	Not Provided*
Lee County Board Of Education	1111	30,891	70,286	40,187	Not Provided*
Leslie County Board Of Education	1112	116,644	188,788	151,668	Not Provided*
Letcher County Board Of Education	1113	77,503	-	100,733	Not Provided*
Lewis County Board Of Education	1114	94,270	173,124	123,050	Not Provided*
Lincoln County Board Of Education	1115	33,717	16,593	43,822	Not Provided*
Livingston County Board Of Education	1116	38,517	87,385	50,098	Not Provided*
Logan County Board Of Education	1117	18,086	-	23,507	Not Provided*
Ludlow Ind. Board Of Education	1118	24,922	-	32,392	Not Provided*
Lynch Board Of Education	1119	0	-	-	Not Provided*
Lyon County Board Of Education	1120	4,513	-	5,865	Not Provided*
Madison County Board Of Education	1121	152,374	347,814	198,279	Not Provided*
Magoffin County Board Of Education	1122	206,822	324,312	269,240	Not Provided*
Marion County Board Of Education	1123	70,573	104,079	91,810	Not Provided*
Marshall County Board Of Education	1124	3,911	-	5,084	Not Provided*
Martin County Board Of Education	1125	52,082	90,781	67,754	Not Provided*
Mason County Board Of Education	1126	2,425	-	3,152	Not Provided*
Mayfield Ind. Board Of Education	1127	2,142	-	2,784	Not Provided*
Maysville Independent Board Of Education	1128	0	-	-	Not Provided*
Mccracken County Board Of Education	1129	22,557	-	29,318	Not Provided*
Mccreary County Board Of Education	1130	52,377	61,684	68,147	Not Provided*
Mclean County Board Of Education	1131	54,162	97,804	70,518	Not Provided*
Meade County Board Of Education	1132	88,097	67,790	114,642	Not Provided*
Menifee County Board Of Education	1133	15,005	-	19,503	Not Provided*
Mercer County Board Of Education	1134	88,431	109,874	115,013	Not Provided*
Metcalfe County Board Of Education	1135	8,217	-	10,680	Not Provided*
Middlesboro Ind. Board Of Education	1136	67,908	123,591	88,300	Not Provided*
Monroe County Board Of Education	1137	6,387	-	8,301	Not Provided*
Montgomery County Board Of Education	1138	60,334	201,684	78,522	Not Provided*
Monticello Ind. Board Of Education	1139	19,011	34,453	24,733	Not Provided*
Morgan County Board Of Education	1140	91,819	145,138	119,733	Not Provided*
Muhlenberg County Board Of Education	1141	15,877	-	20,635	Not Provided*
Murray Ind. Board Of Education	1142	14,256	-	18,529	Not Provided*
Nelson County Board Of Education	1143	907	-	1,179	Not Provided*

		KSBIT Plan	DOI Plan	KSBIT Plan	DOI Plan
		Without	Without	Including	Including
Member	Repayment of				
Member	Number	Surplus Note	Surplus Note	Surplus Note	Surplus Note*
Newport Ind. Board Of Education	1144	4,149	-	5,392	Not Provided*
Nicholas County Board Of Education	1145	38,003	89,214	49,427	Not Provided*
Northern Ky Coop. Educational Services	1146	3,440	9,146	4,473	Not Provided*
Ohio County Board Of Education	1147	68,784	113,007	89,491	Not Provided*
Ohio Valley Educational Coop.	1148	6,649	17,381	8,651	Not Provided*
Oldham County Board Of Education	1149	39	-	-	Not Provided*
Owen County Board Of Education	1151	7,812	-	10,153	Not Provided*
Owensboro Ind. Board Of Education	1152	9,747	5,956	12,669	Not Provided*
Owsley County Board Of Education	1153	13,192	59,919	17,170	Not Provided*
Paducah Ind. Board Of Education	1154	9,766	-	12,693	Not Provided*
Paintsville Ind. Board Of Education	1155	43,046	63,656	56,197	Not Provided*
Paris Ind. Board Of Education	1156	45,883	138,711	59,653	Not Provided*
Pendleton County Board Of Education	1157	14,696	-	19,101	Not Provided*
Perry County Board Of Education	1158	12,316	-	16,007	Not Provided*
Pike County Board Of Education	1159	72,407	-	94,109	Not Provided*
Pikeville Ind. Board Of Education	1160	26,338	39,631	34,256	Not Provided*
Pineville Ind. Board Of Education	1161	12,470	19,401	16,222	Not Provided*
Powell County Board Of Education	1162	56,930	155,034	74,131	Not Provided*
Providence Ind. Board Of Education	1163	987	-	1,283	Not Provided*
Pulaski County Board Of Education	1164	60,467	-	78,591	Not Provided*
Raceland-Worthington Ind. Board Of Education	1165	26,790	78,016	34,909	Not Provided*
Richmond Independent Board Of Education	1166	0	-	-	Not Provided*
Robertson County Board Of Education	1168	57,239	46,486	74,408	Not Provided*
Rockcastle County Board Of Education	1169	5,202	-	6,762	Not Provided*
Rowan County Board Of Education	1170	64,501	109,038	83,919	Not Provided*
Russell County Board Of Education	1171	998	-	1,297	Not Provided*
Russell Independent Board Of Education	1172	24,821	66,693	32,314	Not Provided*
Russellville Ind. Board Of Education	1173	16,127	11,744	20,961	Not Provided*
Science Hill Ind. Board Of Education	1174	6,594	11,528	8,580	Not Provided*
Scott County Board Of Education	1175	163,922	244,080	213,171	Not Provided*
Shelby County Board Of Education	1176	78,588	121,033	102,143	Not Provided*
Silver Grove Ind. Board Of Education	1177	5,235	6,590	6,804	Not Provided*
Simpson County Board Of Education	1178	11,251	-	14,623	Not Provided*
Somerset Ind. Board Of Education	1179	27,011	-	35,107	Not Provided*
Southgate Ind. Board Of Education	1181	1,914	-	2,488	Not Provided*
Spencer County Board Of Education	1182	89,026	141,290	115,776	Not Provided*
Taylor County Board Of Education	1183	14,674	-	19,072	Not Provided*
Todd County Board Of Education	1184	59,909	88,639	77,921	Not Provided*
Trigg County Board Of Education	1185	9,284	29,660	12,066	Not Provided*
Trimble County Board Of Education	1186	5,810	-	7,552	Not Provided*
Union County Board Of Education	1187	45,849	105,565	59,646	Not Provided*
Walton-Verona Ind. Board Of Education	1189	7,722	-	10,036	Not Provided*
Warren County Board Of Education	1190	73,404	53,196	95,405	Not Provided*
Washington County Board Of Education	1191	22,899	37,246	29,794	Not Provided*
Wayne County Board Of Education	1192	30,459	53,165	39,633	Not Provided*
Webster County Board Of Education	1193	25,062	-	32,574	Not Provided*
West Kentucky Educational Coop.	1194	7,915	33,683	10,291	Not Provided*

		KSBIT Plan	DOI Plan	KSBIT Plan	DOI Plan
		Without	Without	Including	Including
	Member	Repayment of	Repayment of	Repayment of	Repayment of
<u>Member</u>	<u>Number</u>	<u>Surplus Note</u>	<u>Surplus Note</u>	<u>Surplus Note</u>	<u>Surplus Note*</u>
West Point Ind. Board Of Education	1196	17,657	9,527	22,957	Not Provided*
Whitley County Board Of Education	1197	94,173	171,851	122,533	Not Provided*
Williamsburg Ind. Board Of Education	1199	43,201	27,000	56,168	Not Provided*
Williamstown Ind. Board Of Education	1200	22,916	32,268	29,811	Not Provided*
Wolfe County Board Of Education	1201	25,139	-	32,674	Not Provided*
Woodford County Board Of Education	1202	74,618	162,931	97,057	Not Provided*
Thorn Hill Center Foundation, Inc.	1203	900	2,346	1,174	Not Provided*
Assoc. Of Ind. Ky Clg. & Uni.	4000	1,031	2,585	1,342	Not Provided*
Alice Lloyd College	4001	34,770	119,122	45,226	Not Provided*
Bellarmine University	4004	75,414	128,427	98,458	Not Provided*
Berea College	4005	76,736	123,212	99,735	Not Provided*
Campbellsville University	4007	0	-	-	Not Provided*
University Of The Cumberlands	4010	93,512	159,957	121,642	Not Provided*
Kentucky Wesleyan College	4020	7,863	-	10,219	Not Provided*
University Of Louisville	4026	387,061	1,303,688	503,469	Not Provided*
Mid-Continent University	4027	16,875	104,585	21,957	Not Provided*
Midway College	4028	20,733	50,400	26,992	Not Provided*
Grand Total		8,308,291	12,534,464	10,806,169	

* The Rehabilitator has said that that the assessments will increase pro rata with inclusion of the repayment of the notes.