

STATE OF INDIANA )  
 ) SS: BEFORE THE INDIANA  
COUNTY OF MARION ) COMMISSIONER OF INSURANCE

IN THE MATTER OF: )  
 )  
**Central Indiana School Employees' Insurance Trust** )  
**11 Motif Boulevard** )  
**Brownsburg, Indiana 46112-1017** )

Examination of: **Central Indiana School Employees' Insurance Trust**

**NOTICE OF ENTRY OF ORDER**

Enclosed is the Final Order entered by Stephen W. Robertson, Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of Central Indiana School Employees' Insurance Trust, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on December 4, 2018, has been adopted by the Commissioner.

Pursuant to Ind. Code § 27-1-3.1-12(b), within thirty (30) days of receipt of the Final Order, each director of Central Indiana School Employees' Insurance Trust shall file an affidavit with the Indiana Department of Insurance stating that he/she has received a copy of the Verified Report of Examination and the Final Order.

The Final Order is a final administrative decision that may be appealed pursuant to Ind. Code § 4-21.5-5.

Date

3/5/2019

Roy Eft

Chief Financial Examiner

**CERTIFIED MAIL NUMBER: 7005 3110 0002 4444 0588**

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**Central Indiana School Employees' Insurance Trust** )  
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Examination of: **Central Indiana School Employees' Insurance Trust**

### FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Central Indiana School Employees' Insurance Trust (hereinafter "Company") for the time period February 1, 2011 through January 31, 2016.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter "Commissioner") by the Examiner on November 30, 2018.

A copy of the Verified Report of Examination, along with a Notice of Opportunity to Make Written Submission or Rebuttal, was mailed to the Company via Certified Mail on December 4, 2018 and was received by the Company on December 11, 2018:

The Company did not file any objections.

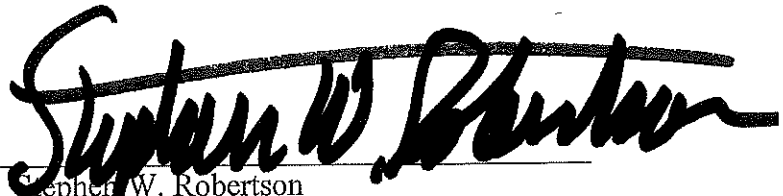
NOW THEREFORE, based on the Verified Report of Examination, I hereby make the following **FINDINGS**:

1. That the Verified Report of Examination is a true and accurate report of the financial condition and affairs of the Central Indiana School Employees' Insurance Trust as of January 31, 2016.
2. That the Examiner's Recommendations are reasonable and necessary in order for the Central Indiana School Employees' Insurance Trust to comply with the laws of the State of Indiana.

Based on the FINDINGS, the Commissioner does hereby ORDER:

1. Pursuant to Ind. Code § 27-1-3.1-11(a)(1), the Verified Report of Examination is adopted and shall be filed. Hereafter the Verified Report of Examination, may constitute prima facie evidence of the facts contained therein in any action or proceeding taken by the Indiana Department of Insurance against the Company, its officers, directors, or agents.
2. The Company shall comply with the Examiner's Recommendations enumerated in summary form and throughout the text of the Verified Report of Examination. A written response to these recommendations should be provided to the Department within 30 days of receipt of this order.
3. Compliance with the Examiner's recommendations shall be completed on or before the filing of the subsequent annual statement. In the event it is not feasible to comply with a recommendation before the filing of the subsequent annual statement, the Company shall submit a written explanation as to why it was not feasible with the filing of the annual statement.

Sign of this March day of 5 2019.

  
Stephen W. Robertson  
Insurance Commissioner  
Indiana Department of Insurance

ABOUT AFFIRMATIONS

The following pages for affirmations need to be signed by each Board Member and returned to the Indiana Department of Insurance within thirty (30) days in accordance with I.C. §27-1-3.1-12(b).

If your affirmations list individuals that are no longer on your Board of Directors, you may simply retype the form on plain white paper with the correct names and a line to the right for signature. If the names are misspelled, you may do the same, simply re-type the corrected form with a line to the right for signature.

Should you have any questions or difficulties with these forms or you require additional time past the thirty (30) day requirement, please do not hesitate to contact this department at (317) 232-2390.

A large, dark, handwritten signature in cursive script, appearing to be written in ink on a light background.A smaller, dark, handwritten signature in cursive script, appearing to be written in ink on a light background.

**STATE OF INDIANA**

**Department of Insurance**

**REPORT ON THE LIMITED SCOPE EXAMINATION**

**OF**

**CENTRAL INDIANA SCHOOL EMPLOYEES' INSURANCE TRUST**

**A MULTIPLE EMPLOYER WELFARE ARRANGEMENT**

**NAIC Co. CODE 14468**

As of

January 31, 2016

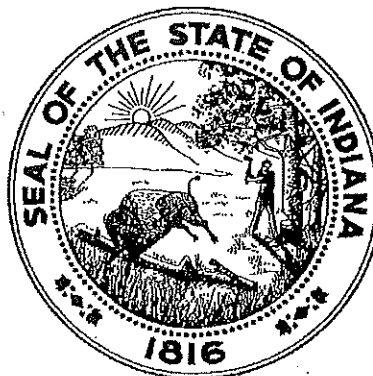


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# STATE OF INDIANA

ERIC J. HOLCOMB, GOVERNOR

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## Indiana Department of Insurance

Stephen W. Robertson, Commissioner  
311 W. Washington Street, Suite 103  
Indianapolis, Indiana 46204-2787  
Telephone: 317-232-2385  
Fax: 317-232-5251  
Website: [in.gov/doi](http://in.gov/doi)

November 30, 2018

Honorable Stephen W. Robertson, Commissioner  
Indiana Department of Insurance  
311 West Washington Street, Suite 300  
Indianapolis, Indiana 46204-2787

Dear Commissioner:

Pursuant to the authority vested in Appointment Number 3913, a limited scope examination has been made of the affairs and financial condition of:

**Central Indiana School Employees' Insurance Trust**  
**11 Motif Boulevard**  
**Brownsburg, Indiana 46112**

hereinafter referred to as the "Trust", a Multiple Employer Welfare Arrangement (MEWA), not-for-profit trust. The examination was conducted at the offices of Noble Consulting Services, Inc., in Indianapolis, Indiana.

The Report on the Limited Scope Examination, reflecting the status and statutory compliance of the trust as of January 31, 2016, is hereby respectfully submitted.

ACCREDITED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES 317-232-2413	COMPANY COMPLIANCE 317-232-3495	CONSUMER SERVICES 317-232-2395/1-800-622-4461	FINANCIAL SERVICES 317-232-2390	MEDICAL MALPRACTICE 317-232-2402	COMPANY RECORDS 317-232-5692	STATE HEALTH INSURANCE PROGRAM 1-800-452-4800
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## SCOPE OF EXAMINATION

The Trust was last examined by representatives of the Indiana Department of Insurance (INDOI), and covered the period from February 1, 2006 through January 31, 2011. The present limited scope examination was conducted by Noble Consulting Services, Inc. (Noble), and covered the period from February 1, 2011 through January 31, 2016, and included any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination.

The limited scope examination was conducted using agreed upon procedures provided by the INDOI. Noble performed the examination to evaluate statutory compliance, financial condition of the Trust, and to identify possible prospective risks of the Trust by obtaining information about the Trust, including corporate governance. The examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

All accounts and activities of the Trust were considered in accordance with the limited scope examination process. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Trust's financial statements.

This limited scope examination report includes significant findings of fact, pursuant to Indiana Code (IC) 27-1-3.1-10 and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within this limited scope examination report but separately communicated to the INDOI and/or the Trust.

## HISTORY

The Trust was created in early 1987, and the initial plan design was completed in April of 1989 with self-funded group medical benefits for five (5) charter participating employers. The Trust Agreement, amended as of October 1, 2013, provides that the Trust be administered as a voluntary employees' beneficiary association under Section 501(c)(9) of the Internal Revenue Code. As of January 31, 2016, the Trust was servicing seven (7) participating employers.

## PLAN OF OPERATION AND TERRITORY

The Trust has expanded coverages to include self-funded dental and vision plans as well as fully-funded life insurance and long-term disability plans. As of January 31, 2016, the Trust included seven (7) participating employers and provides benefits to 1,644 participating employees.



## GROWTH OF THE TRUST

The following exhibit summarizes the financial results of the Trust during the examination period:

<u>Year</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Fund Balance</u>	<u>Change in Fund Balance</u>
2016	\$ 7,553,056	\$ 1,712,459	\$ 5,840,597	\$ (170,293)
2015	7,918,794	1,907,904	6,010,890	144,565
2014	7,809,794	1,943,469	5,866,325	(322,832)
2013	7,613,405	1,424,248	6,189,157	890,884
2012	7,081,211	1,782,938	5,298,273	(1,283,242)

\* For analytical purposes, amounts include administrative expenses, claims payable, third party administrator reimbursements payable and incurred but not reported reserve line items as applicable.

The Trust assets are held in qualified financial institutions. From February 1, 2011 through January 31, 2016, the Trust's Fund Balance exceeded the minimum statutory balance requirements.

## MANAGEMENT AND CONTROL

### Trustees

In accordance with the Trust Agreement, two (2) trustees are appointed for each participating employer. The Trust includes two (2) non-voting participating employers that are included in Trustee meetings for equitable representation on the Board of Trustees (Trustees) but that consist of less than one (1) percent of the Trust's eligible employees.

The following is a listing of persons serving as Trustees at January 31, 2016, and their respective participating employer:

<u>Name</u>	<u>Participating Employer</u>
Jodi Gordon and Nicci Drumwright	Brownsburg Community School Corporation
Tom Johnson and Dennis Graves	Danville Community School Corporation
Randy Taylor and Beverly Nay	Mooresville Consolidated School Corporation
Stacey Smith and Paul Nicodemus	Plainfield Community School Corporation
Nathaniel Day and Karen Warble	Shelbyville Central Schools
Sandy Hensley *	Blue River Career Programs
Dennis Costerion *	Indiana Association of School Business Officials

\* Indicates non-voting Trustee

### Trust Officers

The following is a listing of persons serving as officers of the Trust as of January 31, 2016:

<u>Name</u>	<u>Title</u>
Paul Nicodemus	President
Randy Taylor	Vice President
Beverly Nay	Secretary
Jodi Gordon	Treasurer

### Board of Trustees

The Trustees manage the Trust. Their duties include overseeing the administration of the Trust, approving premium rates, and managing investments, pursuant to the provisions of the Trust Agreement. The Trust has one (1) full time contracted employee who is an employee of the Plainfield Community School Corporation.

Janet Jelley, the Trust Director of Operations (Director) has worked with the trust since 1997. The Director is responsible for administering all aspects of daily operations and preparing reports to the Trustees.

With limited staff, the lack of segregation significantly compromises internal controls. However, the Trust has developed a network of committees, advisors, auditors, legal counsel and an outsourced actuary to provide oversight, in order to mitigate risk, promote transparency, and assist the Trust in achieving its goals. The Trust maintains the following committees:

- Administrative Committee
- Benefits Committee
- Clinic Oversight Committee
- Finance Committee
- Membership Committee

### Claims Appeals and Complaints

The Benefit Committee oversees appeals in accordance with Indiana Public Law 232. If a claimant has exhausted their appeal options with United HealthCare Insurance Company (UHC), they can submit their claim to the Benefits Committee. The Benefits Committee reviews any disputed claim and makes recommendations to the Trustees.

## **CORPORATE RECORDS**

### Trust Agreement

The Third Amended Restated Trust Agreement, effective October 1, 2013, and signed by all Trustees, addresses the design and operation of the Trust which includes:

- Administrative organization of the Trust
- Powers and duties of the Trustees
- Duration and termination of the Trust
- Participating employers guidelines
- Membership requirements
- Payment of expenses, premiums, and funding methods
- Tax exempt status of Trust

The Trust Agreement is consistent with Indiana statutory requirements and the examination noted no instances where the Trust operated contrary to its Trust Agreement.

#### Bylaws

There were no amendments made to the Bylaws during the examination period.

#### Minutes

The Trustee meeting minutes were reviewed for the period under examination through the fieldwork date.

### CONTRACT DOCUMENTATION

The Trust Agreement is consistent with Indiana statutory requirements and the examination noted no instances where the Trust operated contrary to its Trust Agreement.

#### *Administrative Service Agreement*

Effective February 1, 2008, the Trust and UHC entered into an Administrative Service Agreement whereby United Healthcare (UHC) shall provide claims and administration services, including COBRA benefits, for the Trust. Amendments have taken place, at least annually, for the current examination period as of January 31, 2016.

#### *Summary Plan Descriptions*

The Trust's Summary Plan Descriptions, updated annually, define the Trust's medical insurance benefit offerings as administered by UHC. The Summary Plan Descriptions are negotiated by the Trust and are comprehensive documents which describe plan coverages and exclusions, claim processes, resources available, and provisions to include compliance to statutory requirements. The examination noted no instances where the Trust provided benefits contrary to the benefits defined in the plan documents selected for review.

#### *Vision Plan Document*

Effective February 1, 2015, the Trust obtained a group vision care policy with Vision Service Plan Insurance Company (VSP) and entered into an agreement to administer the Trust's vision plans. The VSP plan document includes obligations of VSP and the Trust, coverages, arbitration of disputes, schedule of benefits, and schedule of premiums. The examination noted no instances where the Trust provided benefits contrary to the benefits defined in the VSP plan documents.

#### *Dental Contract*

Effective February 1, 2015, the Trust and Delta Dental entered into a contract to administer the Trust's dental plans. The Summary of Dental Plan Benefits document includes covered services with plan pay allowance information for participating and nonparticipating providers based the dentist's network participation.

#### *Clinic Management Agreement*

Effective February 9, 2010, the Trust and Hendricks Regional Health entered into a Clinic Management Agreement whereby Hendricks Regional Health operates an on-site clinic at a participating employer to provide medical services, including the wellness and preventative health services, for the Trust's insured employees and their dependents.

#### *Clinic Management Agreement*

Effective February 1, 2011, the Trust and Franciscan Alliance, Inc., d/b/a Franciscan St. Francis Health (St. Francis) entered into a Clinic Management Agreement whereby St. Francis operates a clinic in Mooresville, Indiana to provide medical services, including the wellness and preventative health services, for the Trust's insured employees and their dependents.

*Clinic Management Agreement*

Effective May 11, 2009, the Trust and OnSiteSolutions, LLC (OnSite) entered into a Clinic Management Agreement in which OnSite operates an on-site clinic at a participating employer to provide medical service for the Trust's insured employees and their dependents.

*Clinic Professional Services Agreement*

Effective September 1, 2014, the Trust and Wellness for Life Medical LLC entered into a Professional Services Agreement to establish and operate health care clinics for eligible employees in Brownsburg and Plainfield, Indiana.

*Consultant Service Agreement*

Effective January 1, 2013, the Trust and R. E. Sutton & Associates entered into a renewed Consultant Service Agreement to provide for the following services: assist in developing strategic plans and review of fee proposals, attend Trust meetings, coordinate wellness programs, ensure strategic benchmarks, identify educational opportunities, manage vendor relationships, select and procure appropriate stop-loss terms, and verify employee contributions.

*Independent Audit Agreement*

Effective June 30, 2016, an updated Independent Audit Agreement for the January 31, 2016, fiscal year was entered into with Kemper CPA Group LLP, to conduct the annual audit and prepare audited financials for the Trust. The independent audit report as of January 31, 2016, was issued with an unqualified opinion.

*Actuarial Services Agreement*

Effective March 9, 2016, an updated Actuarial Services Agreement was entered into with Nyhart to provide the actuarial certification of the Trust's operations and funding. The actuarial report of the Trust as of January 31, 2016, was signed by Randy Gomez, FSA, MAAA and Evi Laksana, ASA, MAAA on May 11, 2016.

*Legal Services Agreement*

Effective January 1, 2012, the Trust entered into a Legal Services Agreement with Bose McKinney & Evans LLP, to provide legal support services. The agreement shall be automatically extended for twelve (12) month periods unless one (1) party of the agreement provides notice of non-renewal. As of January 31, 2016 there was no pending litigation identified during the examination. Additionally, no instances of federal regulatory noncompliance were identified during the examination.

*Technology & Equipment Leasing Master Agreements*

Effective September 20, 2013 and December 1, 2013, the Trust entered into Technology & Equipment Leasing Master Agreements with Gordon Flesch Company, Inc., d/b/a GFC Leasing to provide data storage, hosted email, office equipment, and software support services.

*Life Insurance and Long-term Disability Policy*

Each participating employer has a joinder agreement in effect with Madison National Life Insurance Company, Inc., for group term life insurance with various effective dates during the examination period. The policy provides life insurance that includes accidental death and dismemberment coverage to participating employees. The benefits offered to participating employees are fully insured.

### FIDELITY BOND

The Trust protects itself against loss from any fraudulent or dishonest acts by any employees through a fidelity bond issued by National Union Fire Insurance Company of Pittsburgh, Pennsylvania. The bond has a policy aggregate limit of liability of \$5,000,000, with a \$0 retention. No exceptions noted with regard to fidelity coverages held.

### REINSURANCE

#### Stop Loss Policy

Effective February 1, 2015 through January 31, 2016, the Trust entered into a Stop Loss Policy with United HealthCare Insurance Company. The policy includes a specific deductible per covered person of \$175,000 and a maximum aggregate benefit of \$5,000,000 per policy year.

### ACCOUNTS AND RECORDS

The Trust's accounting procedures, practices, account records, and supporting data were reviewed and tested to the extent deemed necessary. The Trust's accounting procedures, practices, and account records were deemed satisfactory.

CENTRAL INDIANA SCHOOL EMPLOYEES' INSURANCE TRUST  
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE  
As of January 31, 2016

<u>ASSETS</u>	<u>Per Examination*</u>
Cash	\$ 751,878
Money market savings	5,189,157
Certificates of deposits	181,643
Investments, at fair value, Municipal bonds	1,330,844
Accrued interest and dividends	15,035
Prepaid expenses	84,499
Totals	<u>\$ 7,553,056</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>	
<b>Liabilities</b>	
Accounts payable for administrative expenses	\$ 7,934
Clinic fees payable	54,506
Health claims payable to plan administration	226,019
Obligations for claims incurred but not reported	1,424,000
Totals Liabilities	<u>1,712,459</u>
<b>Fund Balance</b>	
Restricted reserves – supplemental contribution reserve	6,689,157
Unrestricted reserves	<u>(848,560)</u>
Total Fund Balance	<u>5,840,597</u>
Total Liabilities and Fund Balance	<u>\$ 7,553,056</u>

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\* In accordance with IAC 1-68-1 (12), supplemental contribution fund assets are restricted to being used solely for the payment of outstanding claims. No financial adjustments were proposed, however some liability and fund balance lines may have been moved, for analytical purposes.

CENTRAL INDIANA SCHOOL EMPLOYEES' INSURANCE TRUST  
STATEMENT OF REVENUE, EXPENSE AND CHANGE IN FUND BALANCE  
As of January 31, 2016

<u>REVENUE</u>	<u>Per Examination*</u>
Premiums – school district contributions	\$ 22,356,530
Premiums – COBRA contributions	36,868
Total premium revenue	<u>22,393,398</u>
Less, insurance premiums	(819,070)
Less, reinsurance premiums paid	<u>(2,035,320)</u>
Net health insurance premiums	19,539,008
Investments – Increases (decrease) in fair value of investments	(8,807)
Investments – Interest income	59,582
Miscellaneous income	42,074
Total Revenue	<u>\$ 19,631,857</u>
<u>EXPENSES</u>	
Claims – healthcare	\$ 15,950,579
Claims – change in liability	83,345
Net claims expense	<u>16,033,924</u>
Clinic expense	1,207,453
Administrative expense	<u>2,560,773</u>
Total Expenses	<u>19,802,150</u>
<u>CHANGE IN FUND BALANCE</u>	
Net income (loss)	(170,293)
Fund balance, beginning of period	<u>6,010,890</u>
Fund balance, end of period	<u>\$ 5,840,597</u>

\* No financial adjustments were proposed, however some income and expenses lines may have been moved, for analytical purposes.

### COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to the financial statements as of January 31, 2016, based on the results of this examination.

### OTHER SIGNIFICANT ISSUES

There were no significant issues identified during the course of the examination.

### SUBSEQUENT EVENTS

There were no events subsequent to the examination date and prior to the completion of fieldwork which were considered material events requiring disclosure in this Report of Examination.




**AFFIDAVIT**

This is to certify that the undersigned is a duly qualified Examiner-in-Charge appointed by the Indiana Department of Insurance and that she, in coordination with staff assistance from Noble Consulting Services, Inc., performed an examination of Central Indiana School Employees' Insurance Trust, as of January 31, 2016.

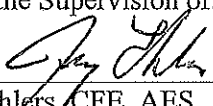
The Indiana Department of Insurance is accredited under the National Association of Insurance Commissioners Financial Regulation Accreditation Standards.

This examination was performed in accordance with those limited scope procedures guided by the NAIC Financial Condition Examiners Handbook and other procedures tailored for this examination. Such procedures performed on this examination do not constitute an audit made in accordance with generally accepted auditing standards and no audit opinion is expressed on the financial statements contained in this report.

The attached limited scope Report of Examination is a true and complete report of condition of Central Indiana School Employees' Insurance Trust as of January 31, 2016, as determined by the undersigned.

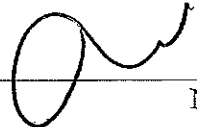
  
\_\_\_\_\_  
Jim Kattman, CFE  
Noble Consulting Services, Inc.

State of: Indiana  
County of: Marion

Under the Supervision of:  
  
\_\_\_\_\_  
Jerry Ehlers, CFE, AES  
Examinations Manager  
Indiana Department of Insurance

On this 2 day of January 2019, before me personally appeared Jim Kattman and Jerry Ehlers to sign this document.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal in said County and State, the day and year last above written.

My commission expires: July 4, 2019   
\_\_\_\_\_  
Notary Public

