

1. The suggested modifications to the Verified Report of Examination submitted by the Company are reasonable and shall be incorporated into the Verified Examination Report. A copy of the Verified Report of Examination, as amended, is attached hereto.

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

IN THE MATTER OF:)
)
Southern Indiana School Trust)
432 E. 15th Street)
Ferdinand, Indiana 47532)

Examination of: Southern Indiana School Trust

NOTICE OF ENTRY OF ORDER

Enclosed is the Final Order entered by Amy L. Beard, Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of Southern Indiana School Trust any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as amended by the Final Order, 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 Southern Indiana School 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.

May 13, 2024

Date



Roy Eft
Chief Financial Examiner

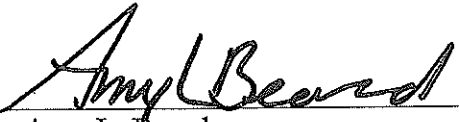
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2. The Verified Report of Examination, as amended, is true and accurate report of the financial condition and affairs of the Company as of June 30, 2021.
3. The Examiners' recommendations are reasonable and necessary in order for the Company to comply with the insurance 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, as amended, 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, as amended. 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.

Signed this 13 day of
may, 2024.



Amy L. Beard
Insurance Commissioner

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.

STATE OF INDIANA

Department of Insurance

**REPORT OF THE LIMITED SCOPE EXAMINATION
OF**

SOUTHERN INDIANA SCHOOL TRUST
A MULTIPLE EMPLOYER WELFARE ARRANGEMENT
NAIC Co. CODE 14475

As of and for the fiscal year ending

June 30, 2021

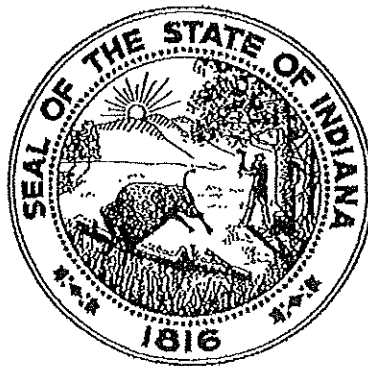


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STATE OF INDIANA

ERIC J. HOLCOMB, GOVERNOR

Indiana Department of Insurance

Amy L. Beard, Commissioner
311 W. Washington Street, Suite 103
Indianapolis, Indiana 46204-2787
Telephone: 317-232-2385
Fax: 317-234-2103
Website: in.gov/doi

October 18, 2022

Honorable Amy Beard, 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 4127, an examination was performed of the affairs and financial condition of:

**Southern Indiana School Trust
432 E. 15th Street
Ferdinand, Indiana 47532**

Southern Indiana School Trust (SIST) is a Multiple Employer Welfare Arrangement (MEWA) formed to provide health and other benefits covering all eligible employees of participating educational institutions that are located in the State of Indiana.

Ingardus, LLC conducted the examination remotely with the cooperation of SIST.

The Report of Examination, reflecting the status of the Trust as of and for the fiscal year ending June 30, 2021, is respectfully submitted.

ACCREDITED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES	COMPANY COMPLIANCE	CONSUMER SERVICES	FINANCIAL SERVICES	MEDICAL MALPRACTICE	COMPANY RECORDS	STATE HEALTH INSURANCE PROGRAM
317-232-2389	317-232-3495	317-232-2395/1-800-622-4461	317-232-2390	317-232-5253	317-232-2383	1-800-452-4880

SCOPE OF EXAMINATION

Representatives of the Indiana Department of Insurance (the Department) last examined the Southern Indiana School Trust (the Trust) for the period ending June 30, 2016. Ingardus, LLC (Ingardus) performed a limited scope examination of the Trust for the period from July 1, 2016 through June 30, 2021. The examination included all material transactions and events occurring subsequent to the examination date and noted during the course of the examination.

The limited scope examination was conducted using agreed upon procedures provided by the Department. Ingardus performed the examination of the Trust in order to evaluate its statutory compliance, financial condition, and to identify possible prospective risks of the Trust. During the examination, Ingardus obtained certain information pertaining to the Trust, including corporate governance matters. The examination also included assessing the principles used and significant estimates made by management, and evaluated the overall financial statement presentation of the Trust.

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 was identified, the impact of such adjustment was documented separately following the Trust's financial statements.

This limited scope examination report is consistent with Indiana Code § 27-1-3.1-10. There may have been other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), were not included within the examination report but were separately communicated to the Department and/or the management of the Trust.

HISTORY

The Trust was established by ten (10) participating employers effective January 5, 1989. The Trust was comprised of eight (8) participating employers as of June 30, 2021. The purpose of the Trust is to provide vision, dental, life and long-term disability coverage for the benefit of the eligible employees, spouses and dependents of participating employers. The Second Amended and Restated Agreement and Declaration of Trust of the Southern Indiana School Trust (Trust Agreement) was effective on December 1, 2016. The Trust is considered exempt from tax under Section 115(1) of the Internal Revenue Code.

TERRITORY AND PLAN OF OPERATION

The Trust offers self-funded vision and dental coverage and fully funded life and long-term disability coverage to eligible employees, spouses and dependents of participating employers. As of June 30, 2021, the Trust had an average of 652 participating employees in the dental plan and 803 participating employees in the vision plan across seven (7) employers. One of the participating employers, Twin Rivers Career and Technical Education Area, only participates in the Trust's life insurance program.

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>
2021	\$813,981	\$100,838	\$713,143	\$111,583
2020	684,315	82,755	601,560	65,542
2019	622,814	86,796	536,018	87,967
2018	529,161	81,110	448,051	(50,677)
2017	551,307	52,579	498,728	(65,823)

The Trust's assets are held in qualified financial institutions. From July 1, 2016 through June 30, 2021, the Trust's Fund Balance exceeded the minimum statutory balance requirements set forth in 760 IAC 1-68-10.

MANAGEMENT AND CONTROL

Trustees

In accordance with the Trust Agreement, a participating employer is represented by two (2) voting Trustees except Twin Rivers Career and Technical Education Area, which is represented by one (1) non-voting Trustee. The bylaws require that the Trustees elect the following officer positions of Chairman, Vice Chairman and Secretary/Treasurer.

The following is a listing of persons serving as Trustees as of June 30, 2021, and their respective participating employer:

<u>Name</u>	<u>Participating Employer</u>
Trenton Provo and Clinton Burch	Eastern School District of Greene County
Jodi Berry and Tammy Byrer	North Daviess Community Schools
Bill Hochgesang and Brian Dodd	Northeast Dubois County School Corporation
Tim Grove and Dawn Hittington	South Knox School Corporation
Jamie Pund and Chuck Bradley	Southeast Dubois County School Corporation
Tim LaGrange and Lisa Durcholz	Southwest Dubois County School Corporation
Trevor Apple and Kerry Lueken	Springs Valley Community Schools
Brandon Small	Twin Rivers Career and Technical Education Area

Trust Officers

The following is a listing of persons serving as officers of the Trust as of June 30, 2021:

<u>Name</u>	<u>Title</u>
Bill Hochgesang	Chairman
Clinton Burch	Vice-Chairman
Tammy Byrer	Secretary
Tim Grove	Treasurer

Board of Trustees

The Board of Trustees manages the Trust. The Trustees meet semi-annually to review and oversee Trust operations. The Trustees' duties include overseeing the administration of the Trust, approving premium rates, engaging third party service providers and managing investments, pursuant to the provisions of the Trust Agreement. The Trust does not have any employees. However, the Trust does have an Administrator. The Administrator is an employee

of Southeast Dubois County School Corporation, a participating employer. The Administrator's salary is paid by Southeast Dubois County School Corporation and the Trust reimburses the school corporation for the Administrator's salary. All operational functions that are not performed by the Trustees are outsourced to third party vendors.

The Trust utilizes a network of advisors, auditors, outside legal counsel and an outsourced actuary to provide additional oversight and advice to the Trustees, to mitigate risk, promote transparency, and assist the Trust in achieving its goals.

CORPORATE RECORDS

Trust Agreement

The Trust Agreement was effective December 1, 2016. There were no amendments made to the Trust Agreement during the examination period.

The Trust Agreement is consistent with Indiana statutory requirements and regulations. The examination noted the absence of any instances where the Trust was operating contrary to the provisions of the Trust Agreement.

Bylaws

The Trust's current bylaws were adopted on August 1, 2001. There were no amendments made to the bylaws during the examination period.

Minutes

The Trustee meeting minutes for the period under examination, and for a period subsequent to the period under examination, were reviewed by the Examiners.

CONTRACT DOCUMENTATION

The following paragraphs describe the Trust's material contracts that were effective as of June 30, 2021:

Vision Plan

The Trust's plan documents are updated annually. The Trust's plan documents describe the Trust's insurance benefit offerings. Guardian Life Insurance Company of America administers the Trust's vision plan. The summary plan descriptions are comprehensive documents, which describe plan coverages, and exclusions, claim processes, resources available, and include language concerning compliance and statutory requirements. The examination noted the absence of any instances where the Trust provided benefits that were contrary to the benefits defined in the plan documents selected for review.

Dental Plan

The Trust's plan documents are updated annually. The Trust's plan documents describe the Trust's insurance benefit offerings. Health Resources Inc., doing business as Paramount Dental, administers the Trust's dental plan. The summary plan descriptions are comprehensive documents, which describe plan coverages, and exclusions, claim processes, resources available, and include language concerning compliance and statutory requirements. The

examination noted the absence of any instances where the Trust provided benefits that were contrary to the benefits defined in the plan documents selected for review.

COBRA Management Agreement

Effective January 9, 2014, the Trust entered into a COBRA management agreement with Infinisource, Inc. to assist members with providing notices to qualified beneficiaries and various other duties related to COBRA. The agreement renews annually until cancelled by either party.

Life and Long-term Disability Group Policy

Effective January 1, 2019, the Trust entered into a contract with American United Life Insurance Company, a OneAmerica Company, to insure and administer the Trust's life and long-term disability group policy for eligible employees, spouses and dependents. The Trust's plan documents included coverages and limitations.

Consulting Agreement

Effective November 10, 2014, the Trust entered into an updated agreement with JA Benefits, LLC, whereby JA Benefits, LLC agreed to provide primary administrator services to the Trust for its insurance programs and benefit design assistance. The agreement continues until cancelled by either party.

Actuarial Services Agreement

Effective September 2, 2020, the Trust entered into an agreement with The Howard E. Nyhart Company, Incorporated to provide the required actuarial certification of the Trust's operations and funding. Emily Clauss, ASA, MAAA and Rosemary Howell, FSA, EA, MAAA signed the actuarial report for the Trust as of June 30, 2021 on October 14, 2021.

Legal Services Agreement

Effective February 16, 2017, the Trust entered into a Legal Services Agreement with Bose McKinney & Evans LLP to provide legal support services. The agreement continues until cancelled by either party. As of June 30, 2021 there were no pending litigation matters identified during the examination.

Independent Audit Agreement

Effective August 18, 2021, the Trust entered into an agreement with David Shinkle CPA, LLC to conduct the annual audit for the Trust. The independent audit report as of June 30, 2021, was issued with an unqualified opinion.

FIDELITY BOND

The Trust protects itself against loss from any fraudulent or dishonest acts through the purchase of a fidelity crime bond issued by Pekin Insurance Company. The bond has a policy limit of liability of \$100,000. No exceptions were noted with regard to the fidelity coverage purchased by the Trust.

REINSURANCE

Excess Loss Fund Insurance Protection

Per Rule 760 IAC 1-68-2 (7), stop loss reinsurance is not required if a trust provides only self-funded vision and/or dental coverage(s) and does not provide self-funded medical coverage. Accordingly, stop loss reinsurance is not applicable to the Trust as of June 30, 2021.

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.

RELATED PARTY TRANSACTION

The Trust's Administrator is an employee of Southeast Dubois County School Corporation, a participating employer of the Trust. The Administrator's salary is paid by Southeast Dubois County School Corporation and the Trust reimburses Southeast Dubois County School Corporation for the Administrator's salary. The service expense incurred by the Trust for the Administrator for the fiscal year ended June 30, 2021 was \$9,600.

SOUTHERN INDIANA SCHOOL TRUST
Statement of Assets, Liabilities and Fund Balance
As of June 30, 2021

	<u>Per Examination*</u>
ASSETS	
Cash and cash equivalents	\$ 514,343
Certificate of deposit	250,000
Cash on deposit with carrier	<u>49,638</u>
Total Assets	<u>\$ 813,981</u>
 LIABILITIES AND FUND BALANCE	
Liabilities	
Deferred contributions	\$ 68,432
Claims payable & incurred but not reported claims reserve	<u>32,406</u>
Total Liabilities	100,838
 Fund Balance	
Restricted reserve - supplemental contribution reserve	148,487
Unrestricted reserve	<u>564,656</u>
Total Fund Balance	713,143
 Total Liabilities and Fund Balance	 <u>\$ 813,981</u>

* 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 fund balance line items may have been changed, for presentation purposes.

SOUTHERN INDIANA SCHOOL TRUST
Statement of Revenue, Expenses and Change in Fund Balance
For the fiscal year ending June 30, 2021

	<u>Per Examination*</u>
REVENUE	
Net premiums	
Premiums - employer contributions	\$ 1,048,812
Premiums paid - life insurance and long-term disability	(247,697)
Total net premiums	801,115
Interest income	1,576
Total Revenue	<u>802,691</u>
EXPENSES	
Claims paid - dental	440,813
Claims paid - vision	159,704
Change in claims reserve	(2,267)
Administration fees	41,272
Consultant fees	19,800
COBRA compliance fees	10,042
Other administrative expenses	21,744
Total Expenses	<u>691,108</u>
CHANGE IN FUND BALANCE	
Net increase	111,583
Fund balance, beginning of year	601,560
Fund balance, end of year	<u>\$ 713,143</u>

* No financial adjustments were proposed; however, some revenue and expense line items may have been moved for presentation purposes.

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to the financial statements as of and for the fiscal year ending June 30, 2021, based on the results of the examination.

OTHER SIGNIFICANT ISSUES

760 Indiana Administrative Code (IAC) 1-68-16(b) states, "Every application and coverage form, including certificates of coverage, must contain in not less than twelve (12) point type the notice, "Your coverage is issued by a multiple employer welfare arrangement. The multiple employer welfare arrangement may not be subject to all of the insurance laws and regulations of Indiana. State insurance guaranty funds are not available for your multiple employer welfare arrangement." The required language is missing from the Trust's policy documents. The Trust is in process of adding this language to its policy documents.

There were no other significant issues identified as of June 30, 2021, based on the results of this examination.

SUBSEQUENT EVENTS

There were no events subsequent to the examination date and prior to the completion of fieldwork that 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 assistance from Ingardus, LLC, hereinafter collectively referred to as the "Examiners", performed an examination of the Southern Indiana School Trust, as of and for the fiscal year ending June 30, 2021.

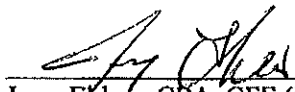
The Indiana Department of Insurance is accredited under the National Association of Insurance Commissioners Financial Regulation Accreditation Standards.

This examination was performed in accordance with those procedures tailored for this examination by the Indiana Department of Insurance. 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 Report of Examination is a true and complete report of the condition of Southern Indiana School Trust as of and for the fiscal year ending June 30, 2021, as determined by the undersigned.


Angela L. Ohlmann, CPA, CGMA, CFE (Fraud), MCM
Ingardus, LLC
State of: Indiana
County of: Marion

Under the Supervision of:


Jerry Ehlers, CPA, CFE (Financial), AES
Examiner-in-Charge
Indiana Department of Insurance

On this 10th day of May, 2024, before me personally appeared, Angela L. Ohlmann 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:

October 4, 2025


Notary Public