

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

IN THE MATTER OF: )  
 )  
Midwest Area School Employees' Insurance Trust )  
328 North Market Street )  
P.O. Box 656 )  
Monon, IN 47959 )

Examination of: **Midwest Area School Employees' Insurance 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 Midwest Area 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 April 18, 2024 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 Midwest Area 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.

June 20, 2024  
Date

  
Roy Eft  
Chief Financial Examiner

**CERTIFIED MAIL NUMBER: 7019 0700 0000 3590 3192**

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

IN THE MATTER OF: )  
 )  
**Midwest Area School Employees' Insurance Trust** )  
**328 North Market Street** )  
**P.O. Box 656** )  
**Monon, IN 47959** )

Examination of: **Midwest Area School Employees' Insurance Trust**

### FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Midwest Area School Employees' Insurance Trust (hereinafter "Company") for the time period January 1, 2016 through December 31, 2020.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter "Commissioner") by the Examiner on December 12, 2022.

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 April 18, 2022 and was received by the Company on April 24, 2024.

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 Midwest Area School Employees' Insurance Trust as of December 31, 2020.
2. That the Examiner's Recommendations are reasonable and necessary in order for the Midwest Area 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.

Signed this 20<sup>th</sup> day of  
June, 2024.

  
\_\_\_\_\_  
Amy L. Beard  
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.

**STATE OF INDIANA**

**Department of Insurance**

**REPORT OF THE LIMITED SCOPE EXAMINATION**

**OF**

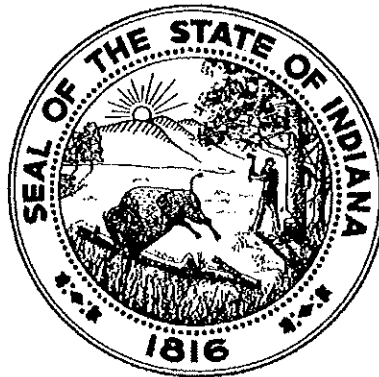
**MIDWEST AREA SCHOOL EMPLOYEES' INSURANCE TRUST**

**A MULTIPLE EMPLOYER WELFARE ARRANGEMENT**

**NAIC Co. CODE 14473**

As of and for the year ending

December 31, 2020



## TABLE OF CONTENTS

SALUTATION.....	1
SCOPE OF EXAMINATION.....	2
HISTORY.....	2
TERRITORY AND PLAN OF OPERATION.....	2
GROWTH OF THE TRUST.....	3
MANAGEMENT AND CONTROL.....	3
Trustees.....	3
Trust Officers.....	4
Board of Trustees.....	4
CORPORATE RECORDS.....	4
Trust Agreement.....	4
Bylaws.....	4
Minutes.....	4
CONTRACT DOCUMENTATION.....	5
FIDELITY BOND.....	6
REINSURANCE.....	7
Excess Loss Fund Insurance Protection.....	7
ACCOUNTS AND RECORDS.....	7
RELATED PARTY TRANSACTION.....	7
FINANCIAL STATEMENTS.....	8
Statement of Assets, Liabilities and Fund Balance.....	8
Statement of Revenue, Expenses and Change in Fund Balance.....	9
COMMENTS ON THE FINANCIAL STATEMENTS.....	10
OTHER SIGNIFICANT ISSUES.....	10
SUBSEQUENT EVENTS.....	10
AFFIDAVIT.....	11



# 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/idoi](http://in.gov/idoi)

December 12, 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 4099, an examination was performed of the affairs and financial condition of:

**Midwest Area School Employees' Insurance Trust**  
**328 North Market Street**  
**P.O. Box 656**  
**Monon, IN 47959**

Midwest Area School Employees' Insurance Trust (MASE) 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 MASE.

The Report of Examination, reflecting the status of the Trust as of and for the year ending December 31, 2020, is respectfully submitted.

ACCREDITED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES 317-232-2389    COMPANY COMPLIANCE 317-232-3495    CONSUMER SERVICES 317-232-2395/1-800-622-4461    FINANCIAL SERVICES 317-232-2390    MEDICAL MALPRACTICE 317-232-5253    COMPANY RECORDS 317-232-2383    STATE HEALTH INSURANCE PROGRAM 1-800-452-4800

## SCOPE OF EXAMINATION

Representatives of the Indiana Department of Insurance (the Department) last examined the Midwest Area School Employees' Insurance Trust (the Trust) for the period ending December 31, 2015. Ingardus, LLC (Ingardus) performed a limited scope examination of the Trust for the period from January 1, 2016 through December 31, 2020. 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 in 1986. The Trust was comprised of twenty-two (22) participating employers as of December 31, 2020. The purpose of the Trust is to provide medical, disability, life and related coverages and administrative services for the benefit of the eligible employees and retirees of participating employers. The Trust's current governing document is the Second Amended and Restated Agreement and Declaration of Trust of the Midwest Area School Employees' Insurance Trust (Trust Agreement) with an effective date of February 1, 2013. The Trust is considered exempt from tax under Section 115(1) of the Internal Revenue Code.

## TERRITORY AND PLAN OF OPERATION

The Trust offers group medical, life and disability insurance benefits to eligible employees, dependents, and retirees of participating employers. The medical benefits offered are self-funded. The remaining benefits are fully insured and are provided via group insurance contracts. As of December 31, 2020, the Trust had 2,495 participating employees and retirees across twenty-two (22) employers.



## 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>
2020	\$17,076,475	\$3,324,659	\$13,751,816	\$3,227,915
2019	14,289,823	3,765,922	10,523,901	(747,843)
2018	13,894,897	2,623,153	11,271,744	(333,847)
2017	14,634,128	3,028,537	11,605,591	1,094,750
2016	13,300,263	2,789,422	10,510,841	(641,838)

The Trust's assets are held in qualified financial institutions. From January 1, 2016 through December 31, 2020, 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) Trustees. There are certain participating employers that elect more than two (2) representatives, but only two (2) representatives are allowed to vote on behalf of a participating employer on any given matter.

The bylaws require that the Trustees elect the following officer positions of President, Vice President and Secretary. However, the Trustees may delegate the duties of the Secretary to an agent or independent contractor of the Trust.

The following is a listing of persons serving as Trustees as of December 31, 2020, and their respective participating employer:

<u>Name</u>	<u>Participating Employer</u>
Jonathan Arndt and Ned Speicher	Argos Community Schools
Matthew Sutton and James White	Bremen School Corporation
Cathy Ayers and Keith Thackery	Carroll Consolidated School Corporation
Anita Doan and Cindy Douglas	Caston School Corporation
April Boone and Allen Remaly	Clinton Central School Corporation
Tim Conner and Daniel Ronk	Delphi Community School Corporation
Dara Chezem and John King	Eastern Pulaski Community School Corporation
Jennifer Miller and Daniel Sighting	Frontier School Corporation
Scott Richie and Christopher Winchell	John Glenn School Corporation
Jim Holifield and Paul White/Mark McBride	New Prairie United School Corporation
Alisa Hines and Cathy Rowe	North Newton School Corporation
Terrie Brown and Nick Eccles	North White School Corporation
Adam Berry and Charles Grable	Pioneer Regional School Corporation
Andrew Hartley/Kandi Tinkey and Laura Kruyer	Plymouth School Corporation
James Hanna and Mike Priest	Rossville Consolidated School District
Matthew Spagna and Theodore Stevens	South Central Community School Corporation
Blair DiRuzza and Casey Hall	South Newton School Corporation
Patrick Culp and Mark Gretencord	Tri-County School Corporation
Tom McFarland, Jeremy Rifle and Teresa Watkins	Triton School Corporation
Barbara Broedel and Michael Galvin	Twin Lakes School Corporation

Shawn Hill and Mitch Mawhorter  
Hillary Durie and Dan Zylstra

Union-North United School Corporation  
West Central School Corporation

### Trust Officers

The following is a listing of persons serving as officers of the Trust as of December 31, 2020:

<u>Name</u>	<u>Title</u>
James White	President
Cindy Douglas	Vice President
Bonnie Knoebcke	Secretary
Shellie Ruemler	Treasurer

### Board of Trustees

The Board of Trustees manages the Trust. The Trustees meet quarterly 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. Instead, the Trust has entered into an arrangement with John Glenn School Corporation to provide daily administrative services to the Trust. All operational functions that are not performed by the Trustees or administrators of the Trust 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 amended on February 1, 2013. 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 April 28, 2016. There were no additional amendments made to the bylaws during the examination period.

### Minutes

The Trustees 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 December 31, 2020:

### *Medical Plan Documents*

The Trust's medical plan documents are updated annually. The Trust's plan documents describe the insurance benefit offerings. Anthem Insurance Companies, Inc., which is doing business as Anthem Blue Cross and Blue Shield (Anthem), administers the insurance plans. 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.

### *Life and Long-term Disability Plan*

Effective January 1, 2018, the Trust and Madison National Life Insurance Company entered into a contract to insure and administer the Trust's life and long-term disability plans. The Trust's plan documents included coverages and limitations.

### *Administrative Services Agreement*

Effective January 1, 2020, the Trust and Anthem, entered into an Administrative Service Agreement whereby Anthem agreed to provide claims and administration services, and administer complaints and appeals for the Trust. The Administrative Services Agreement was amended on an annual basis during the examination period.

### *Service Agreement*

Effective April 28, 2020, PriceMDs.com Inc., entered into a Service Agreement with the Trust to identify, source, negotiate and secure health care facility services outside of the domestic United States. The Service Agreement automatically renews until terminated by one of the parties.

### *Consulting Agreement*

Effective January 1, 2013, the Trust entered into an agreement with Brown & Brown of Indiana, LLC doing business as RE Sutton & Associates, whereby RE Sutton & Associates agreed to assist the Trust with the following services: administrative assistance, benefit design, verify employee contributions, claims analysis, clinic and wellness initiative oversight, and strategic planning and insurance. The agreement renews annually until cancelled by either party.

### *Clinic Service Agreements*

Effective January 1, 2020, the Trust entered into a three-year agreement with Proactive MSO, LLC to coordinate health care clinic services to members of the Trust.

Effective May 1, 2020, the Trust entered into an agreement with WV/WCI School Trust to share clinic health care services with members of the Trust. The agreement renews annually until cancelled by either party.

Effective June 19, 2019, the Trust entered into a lease agreement for rental space related to the Monticello clinic. The term of the lease extends to June 30, 2024 and includes renewal options.

Effective July 1, 2020, the Trust entered into a lease agreement for rental space related to the Plymouth clinic. The term of the lease extends to June 30, 2023 and includes renewal options.

#### *Actuarial Services Agreement*

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. Suraj M. Datta, ASA, MAAA and Randy Gomez, FSA, MAAA signed the actuarial report for the Trust as of December 31, 2020 on March 30, 2020.

#### *Legal Services Agreement*

Effective November 12, 2012, the Trust entered into a Legal Services Agreement with Bose McKinney & Evans LLP to provide legal support services. The agreement continues unless one party to the agreement provides notice of cancellation. As of December 31, 2020 there were no pending litigation matters identified during the examination.

#### *Independent Audit Agreement*

Effective January 13, 2021, the Trust entered into an agreement with Kemper CPA Group, LLP to conduct the annual audit for the Trust. The independent audit report as of December 31, 2020, was issued with an unqualified opinion.

#### *Investment Management Agreement*

First Merchants Trust Company has been engaged by the Trust since 2009 to provide investment management services.

#### *Information Technology Services Agreements*

Effective April 30, 2020, Roeing Corporation entered into a Service Agreement with the Trust to provide monitoring, maintenance, operational administration, and support of network devices, computer operating systems, and software for the Trust.

Effective April 30, 2020, Web Benefits Design Corporation entered into a Service Agreement with the Trust to deliver technology, communications and administrative services for the Trust.

#### *Other Insurance Policies*

The Trust protects itself against loss from fiduciary dishonesty through a policy issued by The Cincinnati Insurance Company. The coverage has limits of \$5,000,000 per loss.

The Trust also has a policy underwritten by Syndicate 2623/623 at Lloyd's through Beazley Group for breach response and cyber liability. The coverage has an aggregate limit of \$1,000,000.

### **FIDELITY BOND**

The Trust protects itself against loss from any fraudulent or dishonest acts through the purchase of a fidelity crime bond issued by The Cincinnati Insurance Company. The bond has a policy aggregate limit of liability of \$500,000. No exceptions were noted with regard to the fidelity coverage purchased by the Trust.

## REINSURANCE

### Excess Loss Fund Insurance Protection

The Trust has a stop loss policy with Anthem. The coverage applies to medical and prescription drugs. For the policy period of January 1, 2020 through December 31, 2020, the specific stop loss limit was \$300,000 and the aggregate stop loss limit was \$31,232,700.

## 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 utilizes employees of John Glenn School Corporation, a participating employer of the Trust. The personnel costs are paid by John Glenn School Corporation and the Trust reimburses John Glenn School Corporation. The service expense incurred by the Trust for personnel costs for the year ended December 31, 2020 was \$244,469.

MIDWEST AREA SCHOOL EMPLOYEES' INSURANCE TRUST  
Statement of Assets, Liabilities and Fund Balance  
As of December 31, 2020

	Per Examination*
<b>ASSETS</b>	
Cash	\$ 4,305,582
Money market funds	306,560
Certificates of deposit	7,970,735
Government obligations	620,144
Corporate bonds	1,574,044
Mutual funds	1,073,540
Common stock	1,211,114
Accrued interest and dividend income	14,756
<b>Total Assets</b>	<b>\$ 17,076,475</b>
 <b>LIABILITIES AND FUND BALANCE</b>	
<b>Liabilities</b>	
Claims and administrative fees payable	\$ 817,659
Incurred but not reported claims reserve	2,507,000
<b>Total Liabilities</b>	<b>3,324,659</b>
 <b>Fund Balance</b>	
Restricted reserve - supplemental contribution reserve	7,765,904
Unrestricted reserve	5,985,912
<b>Total Fund Balance</b>	<b>13,751,816</b>
 <b>Total Liabilities and Fund Balance</b>	 <b>\$ 17,076,475</b>

---

\* 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.

MIDWEST AREA SCHOOL EMPLOYEES' INSURANCE TRUST  
Statement of Revenue, Expenses and Change in Fund Balance  
For the year ending December 31, 2020

	<u>Per Examination*</u>
<b>REVENUE</b>	
Net premiums	
Premiums - Employer contributions	\$ 31,711,588
Reinsurance premiums paid	(2,561,260)
Total net premiums	29,150,328
Interest income	426,757
Membership fees	30,527
Other income	190
Total Revenue	29,607,802
<b>EXPENSES</b>	
Claims paid, net of refunds and rebates	21,285,159
Change in claims reserve	29,555
Health care clinic expenses	2,584,973
Administrative and network fees	2,480,200
Total Expenses	26,379,887
<b>CHANGE IN FUND BALANCE</b>	
Net income	3,227,915
Fund balance, beginning of year	10,523,901
Fund balance, end of year	\$ 13,751,816

\* 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 year ending December 31, 2020, based on the results of the examination.

### **OTHER SIGNIFICANT ISSUES**

There were no significant issues identified as of December 31, 2020, 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.



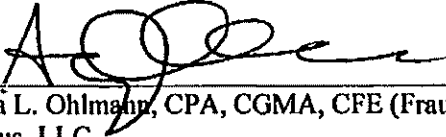
**AFFIDAVIT**

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 Midwest Area School Employees' Insurance Trust, as of and for the year ending December 31, 2020.

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

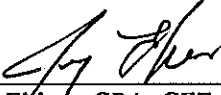
This examination was performed in accordance with those procedures tailored for this examination by the Indiana Department of Insurance. Such procedures performed on this examination do not constitute an audit made in accordance with generally accepted auditing standards and no audit opinion is expressed on the financial statements contained in this report.

The attached Report of Examination is a true and complete report of the condition of Midwest Area School Employees' Insurance Trust as of and for the year ending December 31, 2020, 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 29 day of April 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: 12/20/2030

  
\_\_\_\_\_  
Notary Public