

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

IN THE MATTER OF:)
)
South Central Indiana School Trust)
998 Grizzly Cub Drive)
Franklin, IN 46131)

Examination of: **South Central 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 South Central Indiana School 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 South Central 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.

June 20, 2024
Date


Roy Eft
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7019 0700 0000 3590 3215

STATE OF INDIANA) BEFORE THE INDIANA
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998 Grizzly Cub Drive)
Franklin, IN 46131)

Examination of: **South Central Indiana School Trust**

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the South Central Indiana School Trust (hereinafter “Company”) for the time period November 1, 2015 through October 31, 2020.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter “Commissioner”) by the Examiner on March 15, 2023.

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

The Company did not file any objections.

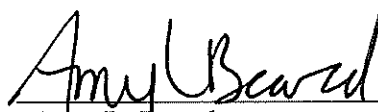
NOW THEREFORE, based on the Verified Report of Examination, I hereby make the following **FINDINGS**:

1. That the Verified Report of Examination is a true and accurate report of the financial condition and affairs of the South Central Indiana School Trust as of October 31, 2020.
2. That the Examiner’s Recommendations are reasonable and necessary in order for the South Central Indiana School 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 20th 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

SOUTH CENTRAL INDIANA SCHOOL TRUST

A MULTIPLE EMPLOYER WELFARE ARRANGEMENT

NAIC Co. CODE 14474

As of and for the fiscal year ending

October 31, 2020

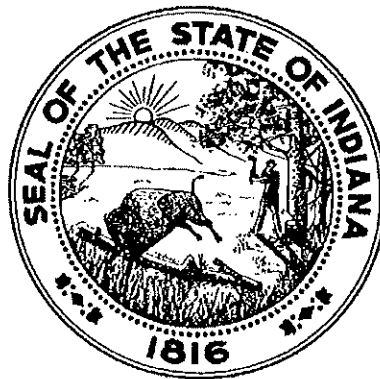


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STATE OF INDIANA

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

March 15, 2023

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 4100, an examination was performed of the affairs and financial condition of:

South Central Indiana School Trust
998 Grizzly Cub Drive
Franklin, IN 46131

South Central Indiana School Trust (SCIST or Trust) 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 SCIST.

The Report of Examination, reflecting the status of the Trust as of and for the fiscal year ending October 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 Trust for the period ending October 31, 2015. Ingardus, LLC (Ingardus) performed a limited scope examination of the Trust for the period from November 1, 2015 through October 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

Eight (8) participating employers established the Trust on November 1, 1989. The Trust was comprised of eleven (11) participating employers as of October 31, 2020. The purpose of the Trust is to provide a medium for the benefits offered, including medical, dental, life, long-term disability and related coverages and administrative services, for the benefit of the employees of participating employers. The Fourth Amended and Restated Agreement and Declaration of Trust of the South Central Indiana School Trust (Trust Agreement), as effective on July 1, 2018. The Trust Agreement provides that the Trust should be administered as a voluntary employees' beneficiary association under Section 501(c)(9) of the Internal Revenue Code.

TERRITORY AND PLAN OF OPERATION

The Trust offers group medical, dental, life and long-term disability insurance benefits to eligible employees, dependents, and retirees of participating employers. The medical and dental benefits offered are self-funded. The life and long-term disability benefits are fully insured and are provided via group insurance contracts. As of October 31, 2020, the Trust had 1,402 participating employees across eleven (11) employers.

GROWTH OF THE TRUST

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

Year	Assets	Liabilities	Fund Balance	Change in Fund Balance
2020	\$ 12,198,952	\$ 1,690,989	\$ 10,507,963	\$ 4,308,620
2019	8,348,485	2,149,142	6,199,343	983,504
2018	7,055,731	1,839,892	5,215,839	246,841
2017	6,698,883	1,729,885	4,968,998	439,072
2016	6,645,840	2,115,914	4,529,926	1,050,056

The Trust's assets are held in qualified financial institutions. From November 1, 2015 through October 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, with the exception of the Indiana State School Music Association Inc. and the Indiana Music Educators Association, Inc., which may collectively appoint only one (1) Trustee. The Trust Agreement further stipulates that for each participating employer that may appoint two (2) Trustees, one (1) Trustee will be the superintendent/director or the superintendent's designee, and the other Trustee will be the president of the bargaining unit or such president's designee.

The bylaws require that the Trustees elect the following officer positions of President, Vice President and Secretary/Treasurer.

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

Name	Participating Employer
William Kovach and Darryl Willoughby	Central Nine Career Center
Angie Balsley and Lisa Whitlow-Hill	Earlywood Educational Services
Kim Hobdy and Tammy Lewis	Edinburgh Community School Corporation
David Clendening and Ronald Bailey	Franklin Community School Corporation
Jay Arthur and Shannon Adams	Metropolitan School District of Martinsville
Tim Edsell and Alison Randolph	Nineveh-Hensley-Jackson United School Corporation
Jerry Sanders and Susan Keller	Richland Bean-Blossom Community School Corporation
Todd Hitchcock and Jacob Rader	Shelby Eastern Schools
Curt Chase and Mike Swigert	Southwestern Consolidated School District of Shelby County
Mick Bridgewater	Indiana Music Educators Association, Inc. and Indiana State School Music Association, Inc.

Trust Officers

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

<u>Name</u>	<u>Title</u>
Tim Edsell	President
Lisa Whitlow-Hill	Vice President
David Clendening	Secretary/Treasurer

Board of Trustees

The Board of Trustees (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 official employees. However, the Trust does have an Administrator. The Administrator is an employee of Franklin Community School Corporation, a participating employer. Salaries and fringe benefits of the Administrator are paid by Franklin Community School Corporation and the Trust reimburses the school corporation. All operational functions that are not performed by the Trustees and the Administrator 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's Third Amended and Restated Agreement and Declaration of Trust was effective January 1, 2013. The Trust amended this agreement with the Fourth Amended and Restated Agreement and Declaration of Trust effective July 1, 2018. There were no additional 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 June 22, 2018. There were no additional amendments made to the bylaws during the examination period.

Minutes

The Trustees and committee 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 October 31, 2020:

Medical, Pharmacy and Dental Plan

The Trust's plan documents are updated annually. The Trust's plan documents describe the Trust's health and dental insurance benefit offerings. 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.

Administrative Services Agreement

Effective November 1, 2019, the Trust and Anthem Insurance Companies, Inc., dba Anthem Blue Cross and Blue Shield (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.

Life and Long-Term Disability Insurance Contract

Effective in 2017, the Trust and American United Life Insurance Company entered a contract to provide life and long-term disability insurance to eligible members of the Trust. The contract remained effective through October 31, 2020.

Consulting Agreement

Effective November 1, 2018, the Trust entered into an agreement with JA Benefits, LLC, whereby JA Benefits, LLC agreed to assist the Trust with the following services: review and placement of the Trust's administration, specific stop loss and aggregate stop loss coverage, consulting on the health and welfare benefit plan, dental plan, group term life and long-term disability coverages. The agreement renews annually until cancelled by either party.

Clinic Services Agreements

Effective April 30, 2013, the Trust and OnSite Solutions, LLC (OnSite) entered into an agreement in which OnSite owns and operates a program designed to coordinate a health care clinic for local employers. OnSite operates and manages the program and provides medical services for the Trust's clinic. The agreement renews annually until cancelled by either party.

Effective November 1, 2016, the Trust entered into an agreement with Activate Healthcare, LLC to provide health care services to eligible members of the Trust. The agreement renews annually until cancelled by either party.

Effective June 1, 2019, the Trust entered into an agreement with Johnson Memorial Hospital to provide health care services to eligible members of the Trust. The agreement renews annually until cancelled by either party.

Clinic Services Sharing Agreement

Effective November 1, 2014, the Trust entered into an agreement with WV/WCI School Trust and Spencer-Owen Community Schools to share certain health care clinic services operated by Wellness for Life Medical, LLC. The agreement renews annually until cancelled by either party.

Purchasing Services Agreement

Effective January 1, 2018, the Trust entered into an agreement with MDX Medical Inc., which is doing business as Vitals, to provide access to the SmartShopper Program for eligible members of the Trust to procure healthcare services for savings, rewards and incentives. The agreement is effective for three (3) years.

Online Benefits Provider Agreement

Effective June 1, 2018, the Trust entered into an agreement with Steele Insurance and Financial Services, Inc., which is doing business as Steele Benefit Services, to provide online benefit services to the Trust. The agreement renews annually until cancelled by either party.

Healthcare Analytic Services Agreement

Effective October 18, 2017, the Trust entered into an agreement with BDA Health Informatics, LLC, to provide healthcare analytic services to the Trust. The agreement continues until cancelled by either party.

Actuarial Services Agreement

The Trust entered into an agreement with Milliman, Inc. to provide the required actuarial certification of the Trust's operations and funding. Jacob Evans, MBA, CEBS and Dylan Burenheide signed the actuarial report for the Trust as of October 31, 2020 on December 2, 2020.

Legal Services Agreement

Effective December 1, 2011, the Trust entered into a Legal Services Agreement with Bose McKinney & Evans LLP to provide legal support services. The agreement is automatically extended for twelve (12) month periods unless one party to the agreement provides notice of non-renewal. As of October 31, 2020 there were no pending litigation matters identified during the examination.

Lobbying Agreement

Effective for the period October 14, 2019 through September 30, 2020, the Trust entered into an agreement with Bose Public Affairs Group to provide lobbying services to the Trust.

Independent Audit Agreement

Effective November 6, 2020, the Trust entered into an agreement with Brady Ware & Schoenfeld to conduct the annual audit for the Trust. The independent audit report as of for the fiscal year ending October 31, 2020, was issued with an unqualified opinion.

Investment Agency Agreement

Effective September 29, 2005, the Trust entered into an Investment Agency Agreement with National Bank of Indianapolis whereby National Bank of Indianapolis acts as the Trust's investment agent.

Other Insurance Policy

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

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 Ohio Casualty 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 November 1, 2019 through October 31, 2020, the specific stop loss limit was \$215,000 and the aggregate stop loss limit was \$17,565,300.

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 TRANSACTIONS

The Trust's Administrator is an employee of Franklin Community School Corporation, a participating employer of the Trust. The salary and fringe benefits are paid by Franklin Community School Corporation and the Trust reimburses Franklin Community School Corporation. The service expense incurred by the Trust for the Director and for the fiscal year ended October 31, 2020 was \$78,931.

During the 2020, the Trust incurred \$34,900 in costs for the incentive programs that were implemented in 2017. These costs are initially paid to participating members. The participating members are then responsible for payment of these incentives to their eligible employees. At October 31, 2020, the Trust reflected \$21,400 in accounts payable to participating members related to the incentive programs.

SOUTH CENTRAL INDIANA SCHOOL TRUST
Statement of Assets, Liabilities and Fund Balance
As of October 31, 2020

	Per Examination*
ASSETS	
Cash	\$ 5,367,095
Cash - interest bearing	20,006
Money market funds	72,432
Bond funds	965,631
U.S. Treasury bill	2,899,797
Mutual funds	2,050,671
Stop loss rebate and refund receivables	763,171
Prepaid expenses	60,149
Total Assets	\$ 12,198,952
 LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable	\$ 25,100
Claims payable	678,342
Incurred but not reported claims reserve	987,547
Total Liabilities	1,690,989
 Fund Balance	
Restricted reserve - supplemental contribution reserve	2,972,229
Unrestricted reserve	7,535,734
Total Fund Balance	10,507,963
Total Liabilities and Fund Balance	\$ 12,198,952

* In accordance with 760 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.

SOUTH CENTRAL INDIANA SCHOOL TRUST
Statement of Revenue, Expenses and Change in Fund Balance
For the fiscal year ending October 31, 2020

	<u>Per Examination*</u>
REVENUE	
Net premiums	
Premiums - Employer contributions	\$ 21,076,081
Reinsurance premiums paid	(1,599,936)
Total net premiums	19,476,145
Interest income	96,206
Realized gain on investments	196,120
Unrealized loss on investments	(297,419)
Total Revenue	19,471,052
EXPENSES	
Claims paid, net of refunds and rebates	13,520,173
Change in claims reserve	(451,553)
Health care clinic expenses	827,150
Administrative and network fees	824,980
Professional fees	218,137
Trust administration fees	78,931
Cost effectiveness incentives	42,700
Incentive programs	34,900
Liability insurance	18,581
Miscellaneous	48,433
Total Expenses	15,162,432
CHANGE IN FUND BALANCE	
Net loss	4,308,620
Fund balance, beginning of year	6,199,343
Fund balance, end of year	\$ 10,507,963

* 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 October 31, 2020, based on the results of the examination.

OTHER SIGNIFICANT ISSUES

There were no significant issues identified as a statute violation of October 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 South Central Indiana School Trust, as of and for the fiscal year ending October 31, 2020.

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

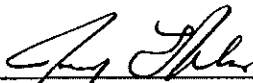
This examination was performed in accordance with those procedures tailored for this examination by the Indiana Department of Insurance. Such procedures performed on this examination do not constitute an audit made in accordance with generally accepted auditing standards and no audit opinion is expressed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

The attached Report of Examination is a true and complete report of the condition of South Central Indiana School Trust as of and for the fiscal year ending October 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:

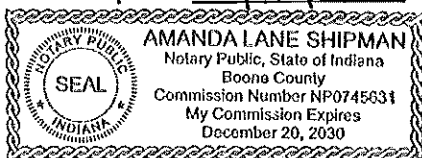


Jerry Ehlers, CPA, CFE (Financial), AES
Examiner-in-Charge
Indiana Department of Insurance

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

