

Actuarial Work-Products, Inc.

8025 North Point Blvd, Suite 207W
Winston-Salem, NC 27106
Tel. (336) 759-2035
Fax. (336) 896-0392
e-mail: harker2@earthlink.net

Carlton Harker, FSA, MAAA
Principal
www.self-fundhealth.com
www.actuarialworkproducts.com
www.ifebp.org/1harker

TO: Addressee No. 1

Wonderful Service
999 Main
ANytown, PA 88999
888-999-9999
555-777-4444

Addressee No. 2

Self-Funding Actuarial Svcs
8025 North Point, Ste 207W
Winston-Salem, NC 27116
336-759-2035
336-896-0392

Addressee No. 3

Self-Funding Actuarial Svcs
8025 North Point, Ste 207W
Winston-Salem, NC 27116
336-759-2035
336-896-0392

RE: Certification Amendment

Health Care Plan Sponsor: ABC Manufacturing Company, Inc.

Claim Reserve as of 12/31/2009 (Valuation Date)

Engager is Addressee No 1

Eligible User No. 2

The Certification Amendment modifies the above-cited Claim Reserve Work-Product; such modifications are shown in the attached Schedule of Modifications. These modifications respond to (a) certain requirements or practices of the accountants or the regulators, (b) Enterprise Risk Management requirements or (c) directives of the Plan Sponsor.

The Certification Amendment is in three parts: (a) Summary of Modifications, (b) Statement of Actuarial Opinion and (c) Submitted Data and Documentation.

Sincerely,

Carlton Harker, FSA, MAAA
Actuarial Work-Products, Inc.

Actuarial Work-Products
Claim Reserve Amendment
Claim Reserves
Certification Amendment

SUMMARY OF MODIFICATIONS

1. Claim Reserve from the Cited Work-Product	\$1,000,000
2. Specific Stop-Loss Claims Recoverable	\$139,000
3. Claims Settlement Expenses	\$28,900
4. Pended Claims (Certain Reasons)	\$160,000
5. Margin of Safety	\$125,000
6. Modified Claim Reserve (1) - (2) + (3) + (4) + (5)	\$1,174,900

Comments

1. See prior-prepared Work-Product.
2. Aggregate stop-loss recoveries are not considered. For fully insured plans, such may be relabeled as reinsurance recoverable.
3. These are essentially the claims processing costs (e.g., 2-3% of paid claims). Excludes: stop-loss processing network fees. Includes: claims invoicing and network repricing costs.
4. Certain reasons include: (a) coordination of benefits, (b) Medicare Secondary, (c) litigation-related, (d) managed care negotiations, (e) subrogation and (f) other unspecified reasons that cause LONG delays. Normal claim processing delays such as gathering requisite data are to be excluded.
5. Plan Sponsor judgment-call using the probabilistic on stochastic analysis shown in the prior-prepared Work-Product.
6. This item is the Claim Reserve to be used.

STATEMENT OF ACTUARIAL OPINION

I, Carlton Harker, am a principal of Actuarial Work-Products, Inc., am a Fellow of the Society of Actuaries and am a member of the American Academy of Actuaries. My firm has been retained by the Engager to provide calculations of certain actuarial items for the above-cited Health Care Plan. I relied upon such Eligible User of the subject Health Care Plan as to the accuracy and completeness of underlying information used in the computation of such items. In other aspects, my examination included such review of the actuarial assumptions and methods and such tests of actuarial calculations as I considered necessary under the circumstances.

Conditions and Terms of Opinion

1. That this Work-Product is an actuarial opinion as contemplated by the American Academy of Actuaries.
2. That he is qualified to offer such opinion by reason of his meeting the requisite examination, experience and continuing education requirements of the American Academy of Actuaries.
3. That this Actuarial Work-Product is the result of a mathematical computer program processing inputted data and documentation as summarized herein.
4. That he is independent of and has no conflicted interest with any party with respects to this Work Product.
5. That the Work-Product was prepared at the request of Eligible User, who is identified herein, and who may or may not be the ultimate user of such Work-Product.
6. That he has been engaged, as contemplated by the relevant American Academy of Actuaries, by the Engager identified herein.
7. The actuary intends to be a fiduciary with respect to this Work-Product and will act accordingly, striving to meet any and all standards of conduct necessary to meet this end.
8. The professional liability for this Work-Product is assumed by Self-Funding Actuarial Services, Inc. which has in place an appropriate professional liability insurance policy. A PDF of the summary page of this policy is available at: www.awpse.com/eando.pdf.

Carlton Harker, FSA, MAAA
AAA Number 5293

SUBMITTED DATA AND DOCUMENTATION

Addressee No. 1

Wonderful Service
999 Main
ANytown, PA 88999
888-999-9999
555-777-4444
ID T0006
Contact John Smith
Email harker2@earthlink.net

Addressee No. 2

Self-Funding Actuarial Svcs
8025 North Point, Ste 207W
Winston-Salem, NC 27116
336-759-2035
336-896-0392
ID E0001
Contact Carlton Harker
Email harker2@earthlink.net

Addressee No. 3

Self-Funding Actuarial Svcs
8025 North Point, Ste 207W
Winston-Salem, NC 27116
336-759-2035
336-896-0392
ID E0001
Contact Carlton Harker
Email harker2@earthlink.net

Health Care Plan Sponsor	ABC Manufacturing Company, Inc.
Claim Reserve Date	12/31/2009
Claim Reserve (Cited Work-Product)	\$1,000,000
Specific Stop-Loss Recoverable Claims	\$139,000
Claims Settlement Expenses	\$28,900
Pended Claims (For Certain Reasons)	\$160,000
Margin of Safety	\$125,000

Plan Name: ABC Manufacturing Health Plan Valuation Date: 12/31/2009 Produced by: Actuarial-Work Products, Inc.

USER CODE: 001 USER NAME: CHARKER COMPUTER: 648I SERV VERSION: v20100115
STATUS: TRANSFER COMP REQUESTED: 01/18/2010 REQUEST: REQUESTZZ BROWSER: Mozilla/4.0 (compatiPM IP ADDRESS: 64.129.139.63
ADDRESSEE 1 ID: T0006 ADDRESSEE 2 ID: E0001 ADDRESSEE 3 ID: E0001 PLAN ID: 002 VAL NUMBER: 01
ABC Manufacturing Health Plan 12/31/2009 VAL DATE: 12/31/2009