

Actuarial Work-Products, Inc.

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Carlton Harker, FSA, MAAA
Principal
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www.actuarialworkproducts.com
www.ifebp.org/1harker
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TO: Addressee No. 1

ABC Administrator
225 2d Street SE
Cedar Rapids, OH 52401
319-398-3283
319-866-9889

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

Indian Tribe County
County Courthouse
Anytown, OH 51009

RE: Ohio Government Entity Certification

Plan Sponsor is: Indian Tribe County

Plan Year under Review is: 01/01/2008 to 12/31/2008

Engager is Addressee Number 1

Eligible User is Addressee Number 2

This Certification provides an Actuarial Opinion with respect to the Health Plan of the Plan Sponsor and Plan Year as required by ORC §9.833. Such Certification is in these parts:

- Summary of Results
- Opinion of the Actuary
- Data and Documentation.

Sincerely,

01/07/2009

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

Summary of Results

Financial Status of Plan at Year End

Assets (Cash Basis) **\$142,000**

Accrual Adjustments

Claim Reserves \$-5,250

Other Adjustments \$2,000

Total Accruals **\$-3,250**

Surplus (Assets less Accruals) **\$138,750**

Indicies

Minimum Expected Surplus \$3,166*

Prior Plan Year Claims Run-Out \$8,000

*One month of paid claims

Actuarial Conclusions

This self-funded health plan meets one of three requirements as respects its financial condition as determined by the actuary:

Test 1. **Is Unsound**
Failure to have a positive surplus

Test 2. **Is Sound**
Has sufficient surplus to cover one month of paid claims

Test 3. **Is Marginal**
Is between Test 1 and Test 2

The subject Plan meets Test No. 2.

Opinion of the Actuary

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 on behalf of the above-cited Health Plan to attest to the accuracy of claim reserves, accrual items and financial condition of Plan so as to satisfy the requirements of Ohio Revised Code §9.833.

I have examined the methods and underlying assumptions used in determining the accrual items for the self-funded health insurance plan for the subject Health Plan for the Plan Year ending as above-indicated. I have also examined the assumptions and methods used in determining the reserves held for claims that have been incurred but not yet presented for payment, reserves held for fluctuation in claim payments and expenses to operate the Plan. I relied upon underlying records and summaries prepared by those persons and organizations administering the Plan. In other aspects, my examination included such review of the assumptions and methods used and such tests of the calculations as I considered necessary.

I also reviewed the following terms and conditions with respect to the above-cited Health Plan but only in the circumstances when the financial condition of the Health Plan, as evidenced by the attached Financial Exhibit, warranted such review:

- Plan design
- Plan administration
- Risk management issues
- Claims processing
- Financial and claims issues.

In my opinion, the claim reserves held at the end of the subject Plan Year, and the accrual items established for use in the subsequent Plan Year are in accordance with generally accepted actuarial standards consistently applied. The reserves are based on actuarial requirements of the relevant state code and make good and sufficient provision for all unpaid claims and other actuarial liabilities under the terms of the Plan and include appropriate provision for all actuarial items which should be established. Also, in my opinion, the subject Plan is being operated on a sound financial basis subject to my comments from the Summary of Results.

Conditions and Terms of Opinion

1. No specific audit or review was made as to the accuracy of the submitted data. The Actuary relied on upon the accuracy and completeness thereof.
2. With respect to this opinion, the Actuary asserts:
 - a. That this Work-Product is an actuarial opinion as contemplated by the American Academy of Actuaries.
 - b. That the Actuary 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.
 - c. That the Actuary is independent and has no conflicted interest with any party with respects to this Work-Product.
 - d. That the Work-Product was prepared at the request of the Eligible User who is identified herein and may or may not be the ultimate user of such Work-Product.
 - e. That the Actuary has been engaged, as contemplated by the American Academy of Actuaries, by the Engager identified herein.
3. 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.
4. 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

01/07/2009

Date

Carlton Harker, FSA, MAAA
Actuarial Work-Products, Inc.
AAA Number 5293

Data and Documentation

Addressee No. 1

ABC Administrator
225 2d Street SE
Cedar Rapids, OH 52401
319-398-3283
319-866-9889 fax
vgross@auxiant.com

Addressee No. 2

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pgc512@yahoo.com

Addressee No. 3

Indian Tribe County
County Courthouse
Anytown, OH 51009
fax
harker2@earthlink.net

Plan and Valuation Data

Plan Sponsor: Indian Tribe County
Plan Name: Indian Tribe County
Plan Year under review: 01/01/2008 to 12/31/2008
Benefits included: Medical: No. Rx: No. Dental: No. Vision: No.
Run-out claims prior plan year \$8,000
Claim Reserve percent current plan year end 15%

Financial Data

Beginning Plan Year Assets (A)

1. Cash and allocated Plan Assets	\$105,000
2. Separate Plan investments	\$12,000
3. Other Plan Assets	\$6,000
Total (A)	\$123,000

Changes in Plan Assets during the Plan Year

Increase (B)

1. Total Plan contributions	\$60,000
2. Interest credited	\$2,000
3. <u>Stop-loss recoveries</u>	
a. Specific	\$1,000
b. Aggregate	\$2,000
4. Other Income	\$1,000
5. Increase in Separate Investments	\$2,000
Total Increase (B)	\$68,000

Decrease (C)

1. Paid claims (not including stop-loss recoveries)	\$38,000
2. Administrative fees	\$4,000
3. <u>Stop-loss premiums</u>	
a. Specific	\$2,000
b. Aggregate	\$1,000
4. Consulting fees	\$1,000
5. Insurance premiums (life, disability, i.e.)	\$3,000
6. Other outgo	\$0
7. Decrease in separate Plan investments	\$0
Total Decrease (C)	\$49,000

Ending Plan Year Assets (D)

1. Cash and allocated plan assets	\$122,000
2. Separate Plan investments	\$14,000
3. Other Plan assets	\$6,000
Total (D) = (A)+(B)-(C)	\$142,000

Ending Plan Year Accrual Adjustments (E)

1. Claim Reserves (Incurred but not paid)	\$5,250
2. Less stop-loss premiums recoverable	\$-3,000
3. Plus stop-loss claims due and unpaid	\$0
4. Plus other Plan payables	\$2,000
5. Less other Plan receivables	\$-1,000
Total Adjustments (E)	\$3,250

Ending Plan Surplus = (D)-(E) **\$138,750**

Comments

1. All cash items agree with the Plan Sponsor's accounting records; including separate accounts.
2. Beginning Item A of current financials agrees with Ending Item D of prior financials.
3. Numbers are to be rounded to the nearer dollar; such rounding errors may be ignored.
4. Claim reserves are calculated using appropriate industry data or may be calculated using Plan-specific lag studies at the discretion of the Actuary.

Plan Name: Indian Tribe County

Valuation Date: 12/31/2008

Produced by: Actuarial-Work Products, Inc.

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Indian Tribe County 12/31/2008 VAL DATE: 12/31/2008 PROJECTED RANGE: 01/01/2008 TO 12/31/2008