

Actuarial Work-Products, Inc.

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

TO: Addressee No. 1

Administrators, Inc.
414 Main Street
Portland, OR 97114
601-414-8888
601-516-1414

Addressee No. 2

Self-Funding Actuarial Service
8025 North Point Blvd Ste 207W
Winston-Salem, NC 27106
336-759-2035
336-896-0392

Addressee No. 3

XYZ County
County Court House
County Seat, IA 51961
515-444-6412
515-618-0059

RE: Iowa Government Entity Certification

Plan Sponsor is: XYZ County

Plan Year under Review is: 01/01/2010 to 12/31/2010

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 IAC §509A. Such Certification is in these parts:

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

Sincerely,

09/11/2009

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

Summary of Results

Financial Status of Plan at Year End

<u>Assets (Cash Basis)</u>		\$115,216
<u>Accrual Adjustments</u>		
Claim Reserves		\$-64,637
Other Adjustments		\$25,805
Total Accruals		\$-38,832
<u>Surplus (Assets less Accruals)</u>		\$76,383
<u>Indicies</u>		
Minimum Expected Surplus		\$67,556*
Prior Plan Year Claims Run-Out		\$64,153

*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 Chapter 509A of the Iowa Administrative Code.

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

09/11/2009

Date

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

Data and Documentation

Addressee No. 1
 Administrators, Inc.
 414 Main Street
 Portland, OR 97114
 601-414-8888
 601-516-1414 fax
 jsmith@admin.com

Addressee No. 2
 Self-Funding Actuarial Service
 8025 North Point Blvd Ste 207W
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Addressee No. 3
 XYZ County
 County Court House
 County Seat, IA 51961
 515-444-6412
 515-618-0059 fax
 jjones@xyz.rr.gov

Plan and Valuation Data

Plan Sponsor: XYZ County
 Plan Name: XYZ County Health Plan
 Plan Year under review: 01/01/2010 to 12/31/2010
 Benefits included: Medical: Yes. Rx: Yes. Dental: Yes. Vision: No.
 Run-out claims prior plan year \$64,153
 Claim Reserve percent current plan year end 15%

Financial Data

Beginning Plan Year Assets (A)

1. Cash and allocated Plan Assets	\$109,035
2. Separate Plan investments	\$0
3. Other Plan Assets	\$0
Total (A)	\$109,035

Changes in Plan Assets during the Plan Year

Increase (B)

1. Total Plan contributions	\$607,379
2. Interest credited	\$6,957
3. <u>Stop-loss recoveries</u>	
a. Specific	\$379,757
b. Aggregate	\$0
4. Other Income	\$0
5. Increase in Separate Investments	\$0
Total Increase (B)	\$994,093

Decrease (C)

1. Paid claims (not including stop-loss recoveries)	\$810,673
2. Administrative fees	\$15,338
3. <u>Stop-loss premiums</u>	
a. Specific	\$112,562
b. Aggregate	\$7,439
4. Consulting fees	\$100
5. Insurance premiums (life, disability, i.e.)	\$0
6. Other outgo	\$40,801
7. Decrease in separate Plan investments	\$0
Total Decrease (C)	\$986,913

Ending Plan Year Assets (D)

1. Cash and allocated plan assets	\$115,216
2. Separate Plan investments	\$0
3. Other Plan assets	\$0
Total (D) = (A)+(B)-(C)	\$115,216

Ending Plan Year Accrual Adjustments (E)

1. Claim Reserves (Incurred but not paid)	\$64,637
2. Less stop-loss claims recoverable	\$-25,805
3. Plus stop-loss premiums due and unpaid	\$0
4. Plus other Plan payables	\$0
5. Less other Plan receivables	\$0
Total Adjustments (E)	\$38,832

Ending Plan Surplus = (D)-(E) **\$76,383**

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.

09/11/2009

MISCELLANEOUS INFORMATION

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Plan Name: XYZ County Health Plan

Valuation Date: 12/31/2010

Produced by: Actuarial-Work Products, Inc.

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STATUS: TRANSFER COMPLE: REQUESTED: 09/11/2009 REQUEST: REQUESTZZ BROWSER: Mozilla/4.0 (compatiPM IP ADDRESS: 64.129.139.84
ADDRESSEE 1 ID: T0001 ADDRESSEE 2 ID: E0001 ADDRESSEE 3 ID: P0004 PLAN ID: 001 VAL NUMBER: 01
XYZ County Health Plan 12/31/2010 VAL DATE: 12/31/2010 PROJECTED RANGE: 01/01/2010 TO 12/31/2010