

**REPORT ON ORGANIZATION**

**OF THE**

**STEUBEN AREA**

**SCHOOLS EMPLOYEES' BENEFIT PLAN**

**AS OF**

**DECEMBER 31, 2000**

**DATE OF REPORT**

**EXAMINER**

**APRIL 30, 2001**

**JOSEPH S. KRUG**

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STATE OF NEW YORK  
INSURANCE DEPARTMENT  
25 BEAVER STREET  
NEW YORK, NEW YORK 10004

April 30, 2001

Honorable Gregory V. Serio  
Acting Superintendent of Insurance  
Albany, NY 12257

Sir:

Pursuant to instructions contained in Appointment Number 21717 dated April 4, 2001, and attached hereto, I have made an examination "on organization" of the Steuben Area Schools Employees' Benefit Plan and respectfully submit the following report thereon.

Whenever the term, the "Plan" appears herein without qualification, it should be understood to refer to the Steuben Area Schools Employees' Benefit Plan.

## **1. ORGANIZATION**

The Steuben Area Schools Employees' Benefit Plan was organized in 1981 as an Article 5-G General Municipal Law (GML) municipal corporation to provide health insurance benefits for its member districts. In accordance with Section 119-N of the GML, the term "Municipal Corporation" includes Boards of Cooperative Educational Services (BOCES). The Plan's general objectives are to formulate, develop, and administer, on behalf of the member participants, a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Districts joining the Plan must remain members for a minimum of one year. A district may withdraw with written notice not less than 90 days prior to the end of the Plan year. Districts applying for membership in the Plan may do so on approval of a majority of the Board. Plan underwriting and rate setting policies have been established after consultation with third party administrators. Plan members are subject to a supplemental assessment in the event of deficiencies. Premium assessments are determined annually, and should the assets of the Plan be exhausted, members would be responsible for the Plan's liabilities. Plan members currently include eight (8) school districts and one (1) BOCES.

The Plan has applied to the Superintendent of Insurance for a Certificate of Authority pursuant to Article 47 of the New York Insurance Law.

The Plan has its main administrative office at 9579 Vocational Drive, Painted Post, New York. Currently, the Plan has a total of eight (8) plan participants plus Steuben/Allegany BOCES. Members of the Plan's governing board, as of December 31, 2000 were as follows:

Arkport Central School  
35 East Avenue  
Arkport, New York 14807  
William Locke, Superintendent  
607-295-7471

Greenwood Central School  
P.O. Box 936  
Greenwood, New York 14839  
R. Christopher Roser, Superintendent  
607-225-4292

Avoca Central School  
 17-29 Oliver Street  
 Avoca, New York 14809  
 Roger Parulski, Business Manager  
 607-566-2221

Hammondsport Central School  
 P.O. Box 368  
 Hammondsport, New York 14840  
 Charles Button, Interim Superintendent  
 607-792-3675

Bradford Central School  
 2820 Route 226  
 Bradford, New York 14815  
 Robert Hudzinski, Superintendent  
 607-583-4616

Jasper-Troupsburg Central School  
 P.O. Box 81  
 Jasper, New York 14855  
 John DiTondo, Superintendent  
 607-792-3675

Campbell-Savona Central School  
 8455 County Route 125  
 Campbell, New York 14821  
 Scott Layton, Superintendent  
 607-527-4548

Steuben/ Allegany BOCES  
 9579 Vocational Drive  
 Painted Post, New York 14870  
 Margaret Munson, Assistant Superintendent  
 For Business & Personnel  
 607-962-3175

Canaseraga Central School  
 P.O. Box 230  
 Canaseraga, New York 14822  
 Terrence Wissick, Superintendent  
 607-546-6230

The above school districts are located within the geographic areas of Steuben and Allegany counties. The Plan maintained an enrollment of 18,097 as of December 31, 2000 .

The officers of the Plan as of December 31, 2000 were as follows:

<u>Officers</u>	<u>Title</u>
Chairperson:	Robert Hudzinski
Chief Financial Officer:	Margaret Munson
Secretary/Treasurer:	Rebecca Towner

The Plan's Attorney-In-Fact is Margaret Munson. The Third Party Administrator is Excellus Health Plan, Inc. d/b/a, Blue Cross and Blue Shield of Central, New York.

## **2. SCOPE OF EXAMINATION**

The examination was conducted at the Plan's office located at 9579 Vocational Drive, Painted Post, New York.

The examination comprised a verification of the assets and liabilities of the Plan as of December 31, 2000. A review was also made of the following items:

- Plan Documents
- Financial Documents
- Service Provider Contracts
- Board of Directors' meeting minutes

### 3. BALANCE SHEET

The following balance sheet sets forth the Plan's financial condition as of December 31, 2000 as determined by this examination. There are no changes from the annual statement filing.

#### Assets

Cash and cash equivalents	\$ 2,897,125
Premiums receivable	397
Claim deposit	<u>18,500</u>
Total assets	<u>\$ 2,916,022</u>

#### Liabilities

Claims payable	\$ 1,682,099
Unearned premium	<u>220,544</u>
Total liabilities	<u>\$ 1,902,643</u>

#### Net worth

Contingency reserves	\$ 437,466
Retained earnings	<u>575,913</u>
Total net worth	<u>\$ 1,013,379</u>
Total liabilities and net worth	<u>\$ 2,916,022</u>

As of December 31, 2000, the Plan maintained checking and savings accounts with Chase Manhattan Bank, 1975 Lake Street, Elmira, New York.

#### **4. STATEMENT PREPARATION**

A review of the Plan's filed December 31, 2000 Quarterly Statement revealed that some of the information reported in Exhibit 2 – Quarterly Claims Development Schedule was combined rather than reported separately. Specifically, the data for Drug Claims was combined with the data for Hospital and Medical Claims.

It is recommended that the Plan report the data in Exhibit 2 – Quarterly Claims Development Schedule for Drug Claims separately from the data for Hospital and Medical Claims in all future statement filings.

**5. SUMMARY OF COMMENTS AND RECOMMENDATIONS**

<u>ITEM</u>		<u>PAGE NO.</u>
A.	It is recommended that the Plan report the data in Exhibit 2 – Quarterly Claims Development Schedule for Drug Claims separately from the data for Hospital and Medical Claims in all future statement filings.	7



Appointment No. 21717

STATE OF NEW YORK  
INSURANCE DEPARTMENT

I, NEIL D. LEVIN, Superintendent of Insurance of the State of New York,  
pursuant to the provisions of the Insurance Law, do hereby appoint:

**Joseph Krug**

*as a proper person to examine into the affairs of the*

**Steuben Area School Employees' Benefit Plan**

*and to make a report to me in writing of the condition of the said*

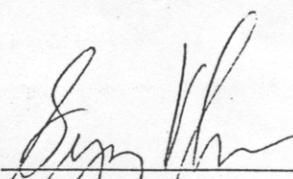
**Company**

*with such other information as he shall deem requisite.*

*In Witness Whereof, I have hereunto subscribed by the  
name and affixed the official Seal of this Department, at  
the City of New York,*

this 4th day of April 2001

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NEIL D. LEVIN  
Superintendent of Insurance

  
\_\_\_\_\_  
(by) Gregory Serio  
First Deputy Superintendent

