REPORT ON ORGANIZATION

OF THE

JEFFERSON-LEWIS

SCHOOL EMPLOYEES BENEFIT PLAN

AS OF

SEPTEMBER 30, 2000

DATE OF REPORT       April 12, 2001
EXAMINER             JOSEPH S. KRUG
<table>
<thead>
<tr>
<th>ITEM NO.</th>
<th>PAGE NO.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Organization</td>
<td>2</td>
</tr>
<tr>
<td>2. Scope of examination</td>
<td>4</td>
</tr>
<tr>
<td>3. Balance sheet</td>
<td>5</td>
</tr>
<tr>
<td>4. Statement preparation</td>
<td>6</td>
</tr>
<tr>
<td>5. Summary of recommendations</td>
<td>7</td>
</tr>
</tbody>
</table>
Honorable Neil Levin  
Superintendent of Insurance  
Albany, NY 12257  

Sir:

Pursuant to instructions contained in Appointment Number 21655 dated November 27, 2000, and attached hereto, I have made an examination “on organization” of Jefferson-Lewis Schools Employees Benefit Plan and the following report thereon is respectfully submitted.

Whenever the term, the “Plan” appears herein without qualification, it should be understood to refer to Jefferson-Lewis Schools Employees Benefit Plan.
1. ORGANIZATION

The Jefferson-Lewis School Employees’ Healthcare Plan (J-LSEHP) was organized in 1979. The Plan is a self-insured consortium established by fifteen school districts and one Board of Cooperative Educational Services (BOCES) to provide for the efficient and economical evaluation, administration and payment of health claims of employees, retirees and their dependents of the participating school districts.

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

There are currently a total of 15 plan participants plus BOCES. The Plan school districts’ participants and directors are as follows:

Mr. Wally Keeler  
Alexander Bay Central

Mr. Larry Strife  
Beaver River Central School

Ms. Barbara Greene  
Belleville-Henderson Central School

Mr. Michael Powers  
Carthage Central School

Mr. George S. O’Brien  
Copenhagen Central School

Mr. William K. Archer  
General Brown Central School

Mr. James McNeill  
Indian River Central School

Ms. Michelle Denny  
LaFargeville Central School

Mrs. Sandra Dudley-Rooney  
Lyme Central School

Ms. Connie Timmerman  
Watertown City School District
Ms. Tammy Stoffel          Ms. Penny Swerodoski
South Lewis Central School  Jefferson Community College

Ms. Sally Switzer           Ms. Anne Spaziani
Thousand Islands Central School  Sackets Harbor Central School

Mr. William Wormuth         Ms. Jane Slack
Lowville Central School     Jefferson-Lewis B.O.C.E.S.

The above school districts cover the geographic areas of Jefferson and Lewis counties.

The officers as of September 30, 2000 are as follows:

<table>
<thead>
<tr>
<th>Officers</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>George S. O’Brien</td>
<td>Chairperson</td>
</tr>
<tr>
<td>Jane Slack</td>
<td>Vice Chairperson</td>
</tr>
<tr>
<td>Joan Urbano (CFO)</td>
<td>Treasurer</td>
</tr>
<tr>
<td>Edward J. Higgins (CPCU)</td>
<td>Manager</td>
</tr>
<tr>
<td>Diane Wright</td>
<td>Secretary</td>
</tr>
</tbody>
</table>

The Board of Governors have designated Dennis G. O’Hara of O’Hara & O’Connell located at Salina Meadows Parkway, Syracuse, New York as Attorney-in-Fact.
2. **SCOPE OF EXAMINATION**

   The examination was conducted at the Plan’s office located at 853 James St. Clayton, New York 13624.

   The examination comprised a verification of the assets and liabilities of the Plan as of September 30, 2000. A review was also made of the following items:

   - Plan Documents
   - Financial Documents
   - Service Provider Contracts
   - Board of Director meeting minutes
3. BALANCE SHEET

The following balance sheet sets forth the Company’s financial condition as of September 30, 2000 as determined by this examination.

<table>
<thead>
<tr>
<th></th>
<th>Plan</th>
<th>Examination</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$13,286,183</td>
<td>$13,286,183</td>
<td>0</td>
</tr>
<tr>
<td>Total assets</td>
<td>$13,286,183</td>
<td>$13,286,183</td>
<td>0</td>
</tr>
</tbody>
</table>

| **Liabilities**|            |             |        |
| Claims payable | 4,437,676   | 4,437,676   | $0     |
| **Total Liabilities** | $4,437,676 | $4,437,676 | $0     |

| **Net worth**  |            |             |        |
| Contingency reserves | $1,159,959 | $1,159,959 | 0      |
| Retained earnings   | 7,688,548  | 7,688,548  | 0      |
| Total net worth     | $8,848,507 $8,848,507 | 0 |

| **Total liabilities and net worth** | $13,286,183 | $13,286,183 | $0     |

The Plan maintains checking and savings accounts as well as certificates of deposit with Key Bank, 538 Riverside Drive, Clayton, NY 13624. It also maintains a certificate of deposit with Community Bank, 352 James Street, Clayton, NY 13624.
4. STATEMENT PREPARATION

A review of the Plan’s September 30, 2000 Quarterly Statement revealed that both Exhibit 1 - Enrollment Data This Quarter and Exhibit 2 – Quarterly Claims Development Schedule were missing required data in columns B through column E in each of these exhibits. In both cases the Plan inserted the phrase “Data Unavailable” in the exhibits. It is recommended that the Plan include all the required data in all future statement filings.
5. SUMMARY OF COMMENTS AND RECOMMENDATIONS

<table>
<thead>
<tr>
<th>ITEM</th>
<th>PAGE NO.</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. It is recommended that the Plan include all the required data in all future statement filings.</td>
<td>6</td>
</tr>
</tbody>
</table>
Respectfully submitted,

____________________________
Joseph S. Krug
Associate Insurance Examiner

STATE OF NEW YORK )
) ) SS.
) )
COUNTY OF SCHENECTADY )

Joseph S. Krug, being duly sworn, deposes and says that the foregoing report submitted by him is true to the best of his knowledge and belief.

____________________________
Joseph S. Krug

Subscribed and sworn to before me
This _____ day of _________2001
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 S. Krug

as a proper person to examine into the affairs of the

Jefferson-Lewis et. al. School Employees’ Healthcare 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 14th day of February 2001

NEIL D. LEVIN
Superintendent of Insurance

(by) Gregory Serio
First Deputy Superintendent