



EXAMINATION REPORT

of

**Independent Colleges and Universities Benefits Association,
Inc.**

Orlando, Florida

as of

March 31, 2022

BY THE

FLORIDA

OFFICE OF INSURANCE REGULATION

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August 22, 2023

Michael Yaworsky
Commissioner
Office of Insurance Regulation
State of Florida
Tallahassee, Florida 32399-0326

Dear Commissioner:

Pursuant to your instructions, in compliance with Section 624.44, Florida Statutes, and in accordance with the practices and procedures promulgated by the National Association of Insurance Commissioners (“the NAIC”), we have conducted an examination as of March 31, 2022, of the financial condition and corporate affairs of

Independent Colleges and Universities Benefits Association, Inc.

4850 Millenia Blvd, Suite 329

Orlando, Florida 32839

hereinafter referred to as “the Company.” Such report of examination is herewith respectfully submitted.

SCOPE OF EXAMINATION

This examination covered the period of April 1, 2019, through March 31, 2022, and the fieldwork commenced with planning with the Florida Office of Insurance Regulation ("OIR") on January 17, 2023. The fieldwork concluded as of August 22, 2023. The Company's last full scope exam by representatives of OIR covered the period of April 1, 2016, through March 31, 2019.

The examination was a single-state examination conducted in accordance with the NAIC Financial Condition Examiners Handbook ("the Handbook"). The Handbook requires that the examination be planned and performed to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company, and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This included assessing significant estimates made by management and evaluating management's compliance with the NAIC Statements of Statutory Accounting Principles ("SSAP"). The examination does not attest to the fair presentation of the financial statements included herein. If during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statement.

This examination report includes information obtained from the examination of the records, accounts, files, and documents of or relative to the Company and other information as permitted by Section 624.319, Florida Statutes. There may be other items identified during the examination that, due to their nature (for example, subjective conclusions or proprietary information), are not included within the examination report but are separately communicated to other regulators and/or the Company.

SUMMARY OF SIGNIFICANT FINDINGS

Current Examination Findings

There were no significant findings of fact as a result of this examination.

Previous Examination Findings

There were no significant findings of fact for the prior examination as of March 31, 2019.

COMPANY HISTORY

General

The Company was incorporated in Florida on November 4, 2002, and commenced business on April 1, 2003. It was licensed by OIR as a Multiple Employer Welfare Arrangement ("MEWA") on March 14, 2003, pursuant to Section 624.437, Florida Statutes.

Dividends

The Company did not declare or pay any dividends during the period under examination.

Capital Stock and Capital Contributions

The Company has no Capital Stock and did not received Capital Contributions during the period under examination.

Surplus Notes

In 2004, qualified surplus notes, Series I through III, were issued to the Company's original nine members in return for \$3.9 million in cash. In 2005, Series IV through VI were issued to the additional eight members in return for \$4.3 million in cash. There were no additional surplus notes issued after 2005. The surplus notes require the Company to pay, upon approval of OIR, a portion of the principal as determined by the Company's Board of Directors ("the Board"). During 2019, the Company retired approximately \$1.6 million in qualified surplus notes. Additionally, during the fiscal year ending March 31, 2019, certain note holders forfeited their right to repayment of qualified surplus notes in the amount of approximately \$100,000. In October 2021, with prior approval from OIR, the Company retired approximately \$1.5 million in surplus notes by waiving a

portion of premiums for certain surplus note holders. As of March 31, 2022, the outstanding balance of the qualified surplus notes was \$5,017,400.

Acquisitions, Mergers, Disposals, Dissolutions

The Company had no acquisitions, mergers, disposals, or dissolutions during the period under examination.

MANAGEMENT AND CONTROL

Corporate Governance

The Board was composed of a member from each higher education institution who was appointed by the institution's President; and one member from the secondary schools, who was collectively appointed by the members of the secondary schools.

Directors serving as of March 31, 2022, are shown below:

Directors		
Name	City, State	Principal Occupation, Company Name
Jennifer Thuer Addleman, Chair	Windermere, Florida	Human Resources, Rollins College
Rochelle Renee Greaves	Vero Beach, Florida	Human Resources Director, Saint Edward's School
John Spencer Lapham	Fort Lauderdale, Florida	Human Resources Manager, Nova Southeastern University
Donna Brandl Popovich	Valrico, Florida	Executive Director Human Resources, The University of Tampa
Jennifer Nichole Boyd-Pugh	Pembroke Pines, Florida	Vice President for Human Resources, Barry University
Jeffrey Loren Role	Jacksonville, Florida	Chief Financial Officer/Chief Operations Officer, The Bolles School
Mona Lea Hicks ^(a)	West Palm Beach, Florida	Associate Vice President for Human Resources, Palm Beach Atlantic University
Thomas Michael Hartnett	Bradenton, Florida	Chief Financial Officer, Saint Stephens Episcopal School
John Ward Nisbet ^(b)	Saint Leo, Florida	Vice President of Business Affairs/Chief Financial Officer, Saint Leo University
Janet Catherine Craigmiles	Lake Wales, Florida	Director of Human Resources,

		Warner University
Melissa Christine Huggins	Melbourne, Florida	Benefits Manager, Florida Institute of Technology

(a) Resigned in March 2023

(b) Resigned in May 2022

The Board appointed the following Senior Officers.

Senior Officers		
Name	City, State	Title
Donna Brandl Popovich	Valrico, Florida	Chair
Jennifer Thuer Addleman	Windermere, Florida	Vice Chair
Jennifer Nichole Boyd-Pugh	Pembroke Pines, Florida	Treasurer
Mark Steven Weinstein	Winter Garden, Florida	President/Chief Executive Officer
Mary Jo Hatch ^(a)	Titusville, Florida	Chief Operations Officer
Paula Marie Hedayat	Orlando, Florida	Chief Financial Officer
Emily Stovall ^(b)	Orlando, Florida	Chief Operations Officer

(a) Retired in December 2022

(b) Appointed in August 2022

The following were the principal internal board committees and their members as of March 31, 2022.

Audit and Finance Committee		
Name	City, State	Title, Company Name
Jennifer Nichole Boyd-Pugh, Chair	Pembroke Pines, Florida	Vice President for Human Resources Barry University
Donna Brandl Popovich	Valrico, Florida	Executive Director Human Resources The University of Tampa
Jennifer Thuer Addleman	Windermere, Florida	Human Resources Rollins College
Thomas Michael Hartnett	Bradenton, Florida	Chief Financial Officer Saint Stephens Episcopal School

John Ward Nisbet ^(a)	Saint Leo, Florida	Vice President of Business Affairs/Chief Financial Officer Saint Leo University
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^(a) Resigned in May 2022

Holding Company System

The Company is not a part of a holding company system.

AFFILIATED AGREEMENTS

There were no related party transactions as there were no subsidiaries or affiliated companies.

ACCOUNTS AND RECORDS

The Company maintained its principal operational offices in Orlando, Florida.

The Company and non-affiliates had the following material agreements:

Administrative Services Agreements

Effective April 1, 2016, the Company entered into an administrative services agreement with Blue Cross Blue Shield of Florida (“BCBS”) for the provision of health claims handling, administration, utilization, case management, and other preferred medical management services including an annual wellness fund contribution. This agreement was amended effective April 1, 2020, and continues through March 31, 2026.

Effective April 1, 2016, the Company entered into an administrative services agreement with Catamaran PBM of Illinois II, Inc. (now known as OptumRx) for the provision of prescription claims handling, administration, utilization, case management, and other preferred services. The agreement was amended effective May 15, 2021, to continue until March 31, 2023.

Effective April 1, 2021, the Company renewed their administrative agreement with Aetna Life Insurance Company (formerly known as MHNet Specialty Services, Inc.) to administer mental health, substance abuse, and employee assistance programs. The current agreement expires March 31, 2026.

Effective October 1, 2018, the Company entered into a five-year contract with Bswift, LLC to assist with the management of employee data, and to administer and communicate employee benefits through an employer specific internet-based website.

Effective April 1, 2019, the Company entered into an agreement with Employer Direct Healthcare, (DBA as Surgery Plus), which offers a network of participating medical service providers, including physicians, hospitals, and other healthcare professionals and facilities, and coordinates the delivery of Network Services to participants by providing administrative, settlement, case management, travel, and other non-medical logistical services. Employer Direct Healthcare is paid a monthly fee based eligible employees based on enrollment as well as negotiated medical claim rates. This agreement remains in effect for three years, and shall be automatically renewed, upon mutual consent, for successive one-year terms.

Effective October 1, 2020, the Company entered into a three-year administrative services agreement with Discovery Benefits, LLC for the provision of continuation of health coverage, call center support, administration of Health Reimbursement Arrangements, Flexible Spending Accounts, and retiree billing. This contract was terminated effective March 31, 2022.

Effective April 1, 2022, the Company entered into a one-year administrative services agreement with Ameriflex effectively replacing the services previously provided by Discovery Benefits, LLC.

In December 2021, the Company entered into an agreement with Embold Health, Inc. with an effective date of April 1, 2022. Embold Health provides services to identify health care providers that deliver the correct amount of care to patients and have the highest clinical impact on patient outcomes for a given specialty or procedure.

Independent Auditor Agreement

An independent CPA, Oswald & Scott, PA audited the Company's statutory basis financial statements annually for the years 2022, 2021, 2020, and 2019, in accordance with Section 624.424(8), Florida Statutes. Supporting work papers were prepared by the CPA firm as required by Section 624.442(7), Florida Statutes.

Corporate Records Review

The recorded minutes of the Board and Audit and Finance Committee were reviewed for the period under examination. The recorded minutes of the Board documented its meetings and approval of Company transactions and events, in compliance with the Handbook adopted by Rule 69O-138.001, Florida Administrative Code, including the authorization of investments, as required by Section 625.304, Florida Statutes.

TERRITORY AND PLAN OF OPERATIONS

The Company is a not-for-profit voluntary employee benefit association under Section 501(c)(9) of the Internal Revenue Code of 1986, as amended, and provides life, health, accident, or other benefits consistent with its exempt status under Section 501(c)(9) in the state of Florida. Membership consists of any non-profit, private Florida education employer, including any member of the Independent Colleges and Universities of Florida or Florida Council of Independent Schools.

As of March 31, 2022, the Company's membership included 26 private education employers in Florida who have merged under a single organization to offer health benefits to their employees and qualified dependents. The Company organizes fully insured products and administrative support services for its members. Enrollment and billing, flexible benefit health reimbursement account, claim management, customer support, and call center services were all included in the administrative services. Products with full insurance coverage included dental, vision, life, and disability insurance.

REINSURANCE

Reinsurance Assumed

The Company did not assume any reinsurance during the period of this examination.

Reinsurance Ceded

The Company purchased reinsurance coverage from the open, private market. The Company participated in a specific stop-loss reinsurance program. The reinsurer reimbursed 100% of eligible expenses in excess of \$150,000 per member per year.

The Company utilized the services provided by BCBS Specialty Services for the period April 1, 2021, to March 31, 2022. The coverage is secured above a per occurrence deductible of \$150,000 based on claims paid after an over corridor of \$7,395,000.

FINANCIAL STATEMENTS

The following includes the Company's statutory Statement of Assets, Liabilities, Capital and Surplus, and statutory Statement of Revenue and Expenses, which includes an analysis of changes in the Capital and Surplus Account for the year ended March 31, 2022. The financial statements are based on the statutory financial statements filed by the Company with OIR and present the financial condition of the Company for the period ending March 31, 2022. Due to rounding, column amounts may not add to the totals reflected in this Report. There were no examination adjustments to the amounts reported by the Company.

Independent Colleges and Universities Benefits Association, Inc.
Assets
March 31, 2022

	Per Company
Cash, cash equivalents and short-term investments	51,391,183
Subtotals, cash and invested assets	51,391,183
Uncollected premiums and agents' balances in the course of collection	1,741,873
Amounts recoverable from reinsurers	2,749,487
Totals	55,882,543

Independent Colleges and Universities Benefits Association, Inc.
Liabilities, Capital and Surplus
March 31, 2022

	Per Company
Claims unpaid	6,541,949
Unpaid claims adjustment expenses	40,000
Amounts withheld or retained for the account of others	22,071,789
Total liabilities	28,653,738
Surplus notes	5,017,400
Unassigned funds (surplus)	22,211,405
Total capital and surplus	27,228,805
Total liabilities, capital and surplus	55,882,543

Independent Colleges and Universities Benefits Association, Inc.
Statement of Revenue and Expenses
March 31, 2022

	Per Company
Member months	167,541
Net premium income	98,328,856
Aggregate write-ins for other health care related revenues	430,264
Total revenues	98,759,120
Hospital and Medical:	
Hospital/medical benefits	68,939,046
Prescription drugs	24,198,432
Aggregate write-ins for other hospital and medical	205,200
Subtotal	93,342,678
Less:	
Net reinsurance recoveries	2,686,018
Total hospital and medical	90,656,660
Claims adjustment expenses	2,752,096
General administrative expenses	3,849,819
Total underwriting deductions	97,258,575
Net underwriting gain or (loss)	1,500,545
Net investment income earned	58,821
Net investment gains or (losses)	58,821
Net income or (loss) after capital gains tax and before all other federal income taxes	1,559,366
Net Income	1,559,366
Capital and Surplus Account	
Capital and surplus, prior reporting year	27,145,885
Net Income	1,559,366
Change in nonadmitted assets	3,200
Change in surplus notes	(1,479,646)
Net change in capital and surplus	82,920
Capital and surplus, end of reporting year	27,228,805

Independent Colleges and Universities Benefits Association, Inc.
Reconciliation of Capital and Surplus
March 31, 2022

No adjustments were made to surplus as a result of this examination.

Capital/Surplus Change during Examination Period			
Capital and Surplus at March 31, 2019, per Examination			27,145,885
	Increase	Decrease	
Net Income	1,559,366		1,559,366
Change in nonadmitted assets	3,200		3,200
Change in surplus notes		1,479,646	(1,479,646)
Net increase (or decrease)			82,920
Capital and Surplus at March 31, 2022, per Examination			27,228,805

COMMENTS ON FINANCIAL STATEMENT ITEMS

Liabilities

Losses and Loss Adjustment Expenses

Dennis DuLaney, FSA, MAAA of Lockton Companies, rendered an opinion that the amounts carried in the balance sheet as of March 31, 2022, made a reasonable provision for all unpaid loss and loss expense obligations of the Company under the terms of its policies and agreements.

The OIR consulting actuary, Jay C. Miniati, FSA, MAAA of Jay Miniati Actuarial Services, reviewed the loss and loss adjustment expense work papers provided by the Company and he was in concurrence with this opinion.

Capital and Surplus

The amount of capital and surplus reported by the Company of \$27,228,805 exceeded the minimum of \$2,865,374 required by Section 624.408, Florida Statutes.

CONCLUSION

The insurance examination practices and procedures as promulgated by the NAIC have been followed in this examination for Independent Colleges and Universities Benefits Association, Inc. as of March 31, 2022, consistent with the insurance laws of the State of Florida.

The following individuals with the firm of Highland Clark, LLC participated in the examination: Tracy D. Gates CISA, CFE, Examiner-in-Charge and IT Specialist; Lori G. Lewter, CISA, Participating Examiner; and Aleksandreja H. Kulits, Participating Examiner. Members of OIR who participated in the examination include Shantia Simmons, APIR, Examination Oversight Supervisor. Additionally, Jay C. Miniati, FSA, MAAA of Jay Miniati Actuarial Services is recognized for participation in the examination.

Respectfully submitted,



Tracy, D. Gates, CISA, CFE
Examiner in Charge, IT Specialist
Highland Clark, LLC



Carolyn M. Morgan, APIR
Director, Life & Health Financial Oversight
Florida Office of Insurance Regulation
Date: 9/29/23