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FILED *ty*
DEC 08 2011
Department of Insurance
State of Idaho

Attorneys for Department of Insurance

**BEFORE THE DIRECTOR OF THE DEPARTMENT OF INSURANCE
STATE OF IDAHO**

In the Matter of:)	
)	Docket No. 18-2725-11
CITY OF CALDWELL EMPLOYEE)	
BENEFIT PLAN TRUST)	ORDER ADOPTING
Idaho Registration Number: 3926)	REPORT OF EXAMINATION
)	AS OF SEPTEMBER 30, 2010
)	
)	
)	
)	

The Report of Examination as of September 30, 2010 (Report) of the *City of Caldwell Employee Benefit Plan Trust* (the Plan) was completed by examiners of the Idaho Department of Insurance (Department) and signed the 4th day of October 2011 by the Examiner-in-Charge, David W. Emery, CFE, FLMI. The verified, or attested, copy of the Report was filed with the Department effective October 4, 2011. The final Report, identical to the verified report transmitted electronically to the Plan on October 5, 2011, is attached hereto as Exhibit A and incorporated herein in full.

Pursuant to Idaho Code §§ 41-227(4) and 41-4013(3), the Plan was afforded a reasonable opportunity to review the verified examination report and to make written submissions regarding relevant matters contained within the Report. No written submissions were received from the Plan regarding the verified report.

WAIVER

Attached hereto as Exhibit B and incorporated herein is a Waiver signed by the Trustees of the Plan, Mr. ElJay Waite and Ms. Monica Jones. The Waiver was executed on November 10, 2011, with the original hardcopy waiver being received by the Department on November 14, 2011. Based upon the Waiver, this is a final order, and the Plan has waived its rights to seek reconsideration and judicial review of this order.

ORDER

NOW THEREFORE, after carefully reviewing the above-described Report of Examination, attached hereto as Exhibit A, and good cause appearing therefor,

IT IS HEREBY ORDERED that the above-described report, which includes the findings, conclusions, comments and recommendations supporting this order, is hereby ADOPTED as the final examination report and as an official record of the Department under Idaho Code §§ 41-227(5)(a) and 41-4013(3).

DATED and EFFECTIVE at Boise, Idaho, this 8th day of December, 2011.

STATE OF IDAHO
DEPARTMENT OF INSURANCE



WILLIAM W. DEAL, Director

CERTIFICATE OF SERVICE

I hereby certify that, on this 16th day of December 2011, I caused the foregoing document to be served on the following parties in the manner set forth below:

Mr. ElJay Waite, Trustee	<u> X </u>	certified mail
City of Caldwell Employee Benefit Plan Trust	<u> </u>	first class mail
411 Blaine St.	<u> </u>	hand delivery
Caldwell, Idaho 83605-3619	<u> </u>	facsimile
ewaite@ci.caldwell.id.us	<u> X </u>	e-mail

Ms. Monica Jones, Trustee	<u> X </u>	certified mail
City of Caldwell Employee Benefit Plan Trust	<u> </u>	first class mail
411 Blaine St.	<u> </u>	hand delivery
Caldwell, Idaho 83605-3619	<u> </u>	facsimile
mjones@ci.caldwell.id.us	<u> X </u>	e-mail

Georgia Siehl, CPA, CFE	<u> </u>	certified mail
Bureau Chief / Chief Examiner	<u> </u>	first class mail
Idaho Department of Insurance	<u> X </u>	hand delivery
700 W. State St., 3 rd Floor	<u> </u>	facsimile
Boise, Idaho 83720-0043	<u> </u>	
Georgia.Siehl@doi.idaho.gov	<u> X </u>	e-mail

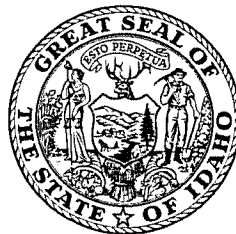
Georgia Siehl for William Michels

William R. Michels, MBA, CPA, CFE
Deputy Chief Examiner
Idaho Department of Insurance

EXHIBIT A

DEPARTMENT OF INSURANCE

STATE OF IDAHO



REPORT OF EXAMINATION

of the

CITY OF CALDWELL EMPLOYEE BENEFIT PLAN TRUST

as of

September 30, 2010

TABLE OF CONTENTS

	<u>Page</u>
Salutation	1
Scope of Examination	2
Prior Examination	2
History and Description	2
Management and Control.....	2
Trust Agreement	2
Trustees	3
Conflict of Interest	3
Contracts and Agreements	3
Corporate Records.....	6
Trust Agreement	6
Minutes of Meetings	6
Fidelity Bond and Other Insurance	6
Territory and Plan of Operation	6
Growth of the Trust.....	6
Reinsurance	7
Insurance Products and Related Practices.....	7
Policy Forms and Underwriting	7
Treatment of Beneficiaries	7
Accounts and Records.....	7
General Accounting	7
Independent Accountants	8
Actuarial Opinion.....	8
Financial Statements	9
Statement of Assets, Liabilities and Net Assets (Surplus) as of September 30, 2010	10
Statement of Changes in Net Assets (Surplus), For the Year Ending September 30, 2010 ..	11
Reconciliation of Net Assets/Surplus, September 30, 2008 through September 30, 2010...	12
Note to the Financial Statements	13
Summary, Comments, and Recommendations	13
Conclusion	14
Affidavit of Examiner	15

State of Idaho
DEPARTMENT OF INSURANCE

C. L. "BUTCH" OTTER
Governor

700 West State Street, 3rd Floor
P.O. Box 83720
Boise, Idaho 83720-0043
Phone (208)334-4250
FAX # (208)334-4398

WILLIAM W. DEAL
Director

Caldwell, Idaho
October 4, 2011

The Honorable William W. Deal
Director of Insurance
State of Idaho
700 West State Street
Boise, Idaho 83720

Dear Director:

Pursuant to your instructions, in compliance with Section 41-219(1) and 41-4013(1), Idaho Code, we have conducted an examination as of September 30, 2010, of the financial condition and corporate affairs of:

City of Caldwell Employee Benefit Plan Trust
411 Blaine Street
Caldwell, Idaho 83605-3619

hereinafter referred to as the "Trust" or "Plan," at its offices in Caldwell, Idaho. The following Report of Examination is respectfully submitted.

SCOPE OF EXAMINATION

This examination covered the period November 4, 2008 through September 30, 2010 and included such prior transactions and any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination. The examination was conducted in accordance with Sections 41-219(1) and 41-4013(1), Idaho Code. Verification and valuation of assets, liabilities, and net assets (surplus) and an analysis and review of such other accounts and records as appropriate to the examination were also performed. There was some reliance upon the Plan's independent auditor's and the consulting actuary's work in this examination.

A Letter of Representation was signed by the Trust attesting to its ownership of all assets and to the nonexistence of unrecorded liabilities or contingent liabilities.

The actuarial review of reserves was performed by Lewis & Ellis, Inc., consulting actuaries, for the Idaho Department of Insurance.

PRIOR EXAMINATION

As noted below under *HISTORY AND DESCRIPTION*, the City of Caldwell Employee Benefit Plan Trust was registered as a self-funded health care plan under Title 41, Chapter 40, Idaho Code, effective November 4, 2008. This is the first comprehensive examination of the Plan since the registration process.

HISTORY AND DESCRIPTION

The Trust was organized effective November 4, 2008 by its Sponsor, the City of Caldwell, Idaho. The Certificate of Registration was approved by the Idaho Department of Insurance on November 4, 2008. The Plan provides optional health care benefits to all full-time employees who regularly work at least 32 hours per week and their dependents or a retiree from the City of Caldwell. Coverage commences on the first day of the month following a thirty-day waiting period.

MANAGEMENT AND CONTROL

Trust Agreement

The Trust is governed by the City of Caldwell Employee Benefit Plan Trust Agreement (Trust Agreement) effective April 1, 2008 that was executed by the Trustees on behalf of the Trust and the City of Caldwell acting as the Plan Sponsor. Subsequent to this, Amendment Number 1 to the Trust Agreement, effective December 31, 2008, changed the Trust's fiscal year-end from December 31st to September 30th.

The Trust Agreement sets forth the purpose of the Trust, administration of the Trust, capitalization, Board of Trustee terms, functions and powers, regular meetings, and fiduciary standards, among other things.

The Trust Agreement was filed with the Department as part of the application process set forth under Section 41-4005(2)(g), Idaho Code. As mentioned earlier, the Trust's Certificate of Registration was approved by the Department on November 4, 2008.

Trustees

The following persons were the duly appointed members of the Board of Trustees at September 30, 2010 and have served in these positions since the inception of the Trust.

<u>Name and Business Address</u>	<u>Principal Occupation</u>
Eljay Waite Caldwell, Idaho	Finance Director/Treasurer City of Caldwell
Monica Jones Boise, Idaho	Human Resources Director City of Caldwell

Biographical affidavits for all Trustees noted above are on file with the Department. The term of each Trustee position shall be indefinite until the resignation, termination or death or the Trustee is unwilling or otherwise unable to serve.

Conflict of Interest

The Trust did not have a conflict of interest procedure in place during the examination period to document compliance with Section 41-4014, Idaho Code, *Prohibited Pecuniary Interests in Plan Management*. Therefore, it is recommended that the Trust draft and implement a written conflict of interest procedure(s) and draft and implement the use of related conflict of interest statements. Conflict of interest statements should be executed by Sponsor employees working in related Trust administration areas, all of the Trustees and applicable consultants. The conflict of interest statements should be completed at least annually and reviewed by the Board of Trustees, with such review documented in the Board minutes.

Contracts and Agreements

The following significant contracts and agreements were in effect as of the examination date:

Trust Agreement

This agreement was previously discussed under the caption, *MANAGEMENT AND CONTROL*.

Administrative Services Agreement

The Trust executed an Administrative Services Agreement, in connection with third party administrative (TPA) services, with Blue Cross of Idaho Health Service Inc. (BCI or Blue Cross of Idaho), a licensed/authorized insurer in the State of Idaho. The agreement is effective October 1, 2009 through September 30, 2010. During the term of this agreement:

A. *General Administrative Services* ~ BCI shall:

1. If requested, furnish to the Employer summary descriptions of the health care benefits available to eligible employees and dependents under the Benefit Plan(s). The Benefit Plan(s) is set forth in Appendix B to the Agreement and is incorporated by reference.
2. If requested, furnish application forms to the Employer and assist the Employer with the enrollment of eligible employees and dependents.
3. Maintain enrollment eligibility files based upon information provided by the Employer.
4. Provide identification cards for distribution to covered employees by the Employer or BCI.
5. In accordance with the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) and 45 Code of Federal Regulations Parts 160-64, BCI shall prepare and deliver to the Employer accounting reports for use by the Employer in the financial management and administrative control of the Benefit Plan(s), including:
 - a) a weekly summary of paid claims.
 - b) if requested, an annual accounting of the claims, administrative fee(s), and excess loss premium(s) paid.
 - c) information necessary for the Employer’s preparation of annual reports in accordance with the federal Employee Retirement Income Security Act of 1974 (“ERISA”), as amended.
 - d) claims utilization reports during the first Agreement Period of this Agreement only and then claims comparison reports during subsequent Agreement Periods, if any, at intervals mutually agreed upon by BCI and the Employer.
 - e) if requested and appropriate, large claimant reports.
 - f) additional reports not listed above, as the Employer may from time to time reasonably request. BCI shall prepare and deliver the additional reports and the Employer agrees to pay BCI the amount listed in Appendix A for preparation, consultation and interpretations of the requested reports. BCI shall provide an estimated fee in advance.
 - g) data feeds or other electronic reports as the Employer may from time to time request. The Employer agrees to pay BCI the amount listed in Appendix A for the electronic data.
 - h) BCI shall analyze, prepare and deliver an Incurred But Not Reported (“IBNR”) estimate as reasonably requested by the Employer to assist in determining sufficient reserves. The Employer agrees to pay BCI the amount listed in Appendix A for IBNR estimates.
6. Assist the Employer in the establishment of a funding program.

B. *Benefits Payment Services* ~ BCI shall:

1. Process and pay benefit claims on behalf of the Employer, in accordance with the Benefit Plan(s) or as otherwise directed in writing by the Employer; and conduct any necessary investigation and make the initial determination of the validity of each request for benefits.
2. Provide written notice to covered employees and dependents of the initial denial of a benefit claim.
3. Receive and review any request for reconsideration of a denied benefit claim and, in the event the claim is again denied, provide notification thereof to the affected employee or dependent regarding the reason for such denial.
4. Provide the Employer with assistance and information in connection with disputed benefit claims, which are appealed to the Employer for final resolution.

C. *Excess Loss Coverage* ~ BCI shall provide excess loss coverage to the Employer as set forth in Article IV of the Agreement.

D. *Run-out of Claims Services* ~

1. If the Agreement is terminated by mutual agreement or without cause pursuant to Article III, Paragraph B, BCI shall, for a period of twelve (12) months after termination (“Runout Period”),

process claims for benefit payments under the Benefit Plan(s) which are received by BCI during the Run-out Period but are for Covered Services rendered prior to the date of termination. Such processing of claims is contingent upon the Employer's timely payment for claims costs and the Run-out of Claims Administrative Fee pursuant to Article II, Paragraph J. Except for the run-out of claims services expressly stated in this paragraph, after termination of the Agreement all other obligations of BCI to the Employer shall cease, including without limitation, excess loss coverage.

2. If the Agreement is terminated for cause pursuant to Article III, Paragraph B, BCI shall cease the processing of claims for benefit payments under the Benefit Plan(s) as of the termination date, and the Employer shall thereafter be responsible for the processing and for the payment of claims, including any claims received by BCI but not yet processed by BCI and not yet paid for by the Employer, and any claims that BCI would have had financial responsibility to pay for under the excess loss coverage provisions of this Agreement had this Agreement not been terminated. Such claims shall be forwarded to the Employer.

E. Medication And Pharmaceutical Rebates ~ The Prescription Benefits Manager ("PBM") has arrangements with medication and pharmaceutical manufacturers that allow BCI to receive rebates based, among other things, on the volume of certain prescription medications purchased by the Insureds. Rebates that BCI receives from the PBM shall be paid to the Employer by check following receipt by BCI. BCI shall withhold a percentage of the total rebates as indicated in Appendix A to cover BCI's costs of collecting and administering the rebate program.

Delta Dental of Idaho Contract

The Trust entered into a Contract with Delta Dental Plan of Idaho, Inc. dba Delta Dental of Idaho. The agreement is effective October 1, 2008 through September 30, 2009 and continuing thereafter until terminated per terms within the contract. The contract provides services including claims processing and underwriting for fees set forth in the agreement. This agreement was ratified by the Trustees at their meeting of March 10, 2008.

COBRA Administrative Services and Certification of Creditable Coverage

The COBRA Administrative Services and Certification of Creditable Coverage Agreement was entered into between the Trust and Allegiance COBRA Services, Inc. on July 15, 2008. The agreement was effective July 1, 2008 through June 30, 2011 unless terminated earlier in accordance with the agreement. The agreement may be renewed for an additional two-year renewal term upon mutual agreement in writing by the parties. The fees for services provided under the agreement are set forth in the fee schedule contained in Appendix A of Administrative Services Agreement with Allegiance Benefit Plan Management, Inc.

Custodial Agency Agreement

The Trust executed a custodial agency agreement (safe-keeping agreement) with First Interstate Bank. The agreement was entered into on May 14, 2008 and may be terminated at any time by either party upon thirty (30) days advance written notice. The custodial agreement conformed to the NAIC securities' custodial agreement safeguards/guidelines by way of an addendum which was effective May 15, 2008 and executed by representatives of the Trust and First Interstate Bank.

The aforementioned Trust Agreement, Marketing Services Agreement, Administrative Services Agreement and the Custodial Agency Agreement were all filed with the Idaho Department of Insurance as part of the application process set forth under Section 41-4005(2)(g), Idaho Code.

CORPORATE RECORDS

Trust Agreement

For discussion of the Trust Agreement and Trustees, see the earlier section in this Report entitled “MANAGEMENT AND CONTROL.”

Minutes of Meetings

The minutes of the meetings of the Board of Trustees for the examination period November 4, 2008 through September 30, 2010 and subsequent thereto, were reviewed. This review indicated that quorum was present at all Board of Trustee’s meetings held during the examination period and that significant transactions and events were properly authorized or approved.

FIDELITY BOND AND OTHER INSURANCE

A fiduciary fidelity bond for the protection of the Trust was maintained through the period under examination. The fiduciary fidelity bond coverage maintained by the Trust met the requirements specified in section 41-4014(3), Idaho Code.

The insurance carrier providing coverage to the Trust was licensed or otherwise authorized in the State of Idaho.

TERRITORY AND PLAN OF OPERATION

All City of Caldwell employees electing medical benefits are provided with the basic dental and vision coverage as part of their package. See later section of this Report entitled “Policy Forms and Underwriting” for more details regarding coverages.

GROWTH OF THE TRUST

The following table reflects the Trust’s growth for the years indicated, taken from the audited financial statements for fiscal years 2008, 2009 and 2010:

<u>Year</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Surplus</u>	Net Change in <u>Surplus</u>
9/30/08*	\$522,945	\$ 84,165	\$438,780	\$438,780
9/30/09	678,375	202,198	476,288	37,508
9/30/10**	\$813,136	\$114,958	\$698,178	\$221,890

* Audited financial was prior to trust registration date.

**As determined by Examination.

REINSURANCE

As of September 30, 2010, the Trust had an excess of loss reinsurance agreement with Blue Cross of Idaho Health Service Inc. of Boise, Idaho that provided for coverage on losses in excess of \$60,000 with a life-time maximum of \$1,000,000. The reinsurance premiums are a percentage of the annual remuneration of the employees covered by the Trust.

INSURANCE PRODUCTS AND RELATED PRACTICES

Policy Forms and Underwriting

As indicated earlier, the Trust provides medical, dental, vision, and pharmacy benefits for eligible members as specified in the Plan. All medical and dental benefits are provided from the assets of the Trust. Employees are eligible to participate in the Plan if they are employed by the City of Caldwell on a continuing and regular basis for the minimum number of hours as specified by the Plan. Terminated employees are allowed to continue coverage under the Plan as specified by COBRA standards. All employees electing medical coverage are provided with the basic dental and vision coverage as part of their coverage. The Plan is self-insured for medical claims with a maximum retention per individual of \$60,000. Please see the earlier Report section entitled "REINSURANCE" for detail regarding stop-loss coverage(s).

Treatment of Beneficiaries

Paid Claims

A random sample of paid claims was reviewed. This review indicated that in general, the Trust's TPA was paying claims in a timely manner and in compliance with specified Plan benefits.

Paid Claims

The third party administrator maintains the Trust's statutory complaint log. A review of the log indicated that the Trust's complaint register maintained by Blue Cross of Idaho is in compliance with Section 41-1330, Idaho Code.

Fraudulent Claims Review

A review by the examiner indicated the Trust and its third party administrator had no history of suspicious claims being noted or reported.

ACCOUNTS AND RECORDS

General Accounting

The Trust's accounts and records are maintained by its Sponsor and administrator, the City of Caldwell. The financial reports are prepared on a GAAP basis pursuant to Section 41-4011(2), Idaho Code. Claim checks are distributed through the third party administrator.

Independent Accountants

The annual independent audits of the Trust for the years 2009 through 2010 were performed by Eide Bailly (certified public accountants), Boise, Idaho. The financial statements in each report were prepared in conformity with the accounting practices prescribed or permitted by the Idaho Department of Insurance. There was some reliance on the 2010 audit report and in the workpapers for this examination.

Actuarial Opinion

The September 30, 2010 estimated incurred but not reported (INBR) obligations are determined by the Trust and reviewed by David J. Hutchins, FSA, MAAA, of Blue Cross of Idaho. The September 30, 2009 actuarial report and opinion stated the following:

The calculations and projections have been prepared using sound actuarial methods consistently applied, and the results are stated in accordance with sound actuarial principles. All calculations and projections are based on actuarial assumptions that are appropriate for the purpose of this report, and provision has been made for all actuarial factors that should be considered.

The actuarial items in the September 30, 2010 financial statement are as follows:

Reserve for Claims Incurred But Not Paid (IBNP) and Incurred But Not Reported (IBNR)	\$108,244
--	-----------

A second opinion was rendered by William DeCapua, a consulting actuary with Actuarial Worksite Marketing Services, Inc. for Delta Dental of Idaho. The reserves were estimated using completion factors developed from actual claims paid by incurred date over the past 25 months. The reserve shown includes a 5% margin and is not only sufficient to cover estimated future claims on incurred but not reported reserves but also adjustment expenses and litigation expenses on claims that have or may arise as well as any extended benefits.

The actuarial items in the September 30, 2010 statement are as follows:

Dental Claims Unpaid	\$6,714
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The actuarial review portion of this examination regarding estimated incurred but not reported obligations was performed by Mike Mayberry, FSA, MAAA of Lewis and Ellis, Inc. consulting actuaries, for the Idaho Department of Insurance.

See the “NOTE TO FINANCIAL STATEMENTS” section later in this report for further discussion regarding the Department’s consulting actuary’s review and analysis.

FINANCIAL STATEMENTS

The financial section of this report contains the following statements:

- Statement of Assets, Liabilities and Net Assets (Surplus) as of September 30, 2010
- Statement of Changes in Net Assets (Surplus), For the Year Ending September 30, 2010
- Reconciliation of Net Assets/Surplus, September 30, 2008 through September 30, 2010

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STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS (SURPLUS)
As of September 30, 2010

<u>Assets</u>	Per <u>Plan</u>	Examination <u>Adjustments</u>	Per <u>Examination</u>
Investment-cash reserves	\$813,136	\$ 0	\$813,136
	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$813,136</u>	<u>\$ 0</u>	<u>\$813,136</u>
 <u>Liabilities</u>			
Claims incurred but not reported (See Note to Financial Statements)	\$114,958	\$ 0	\$114,958
	<u>0</u>	<u>0</u>	<u>0</u>
Total liabilities	<u>\$114,958</u>	<u>\$ 0</u>	<u>\$114,958</u>
 Net Assets/Trust Fund Surplus	 <u>\$698,178</u>	 <u>\$ 0</u>	 <u>\$698,178</u>
<i>Total Liabilities & Net Assets/Surplus</i>	<u>\$813,136</u>	<u>\$ 0</u>	<u>\$813,136</u>

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STATEMENT OF CHANGES IN NET ASSETS (SURPLUS)

For the Year Ending September 30, 2010

	<u>Per Plan</u>	<u>Examination Adjustments</u>	<u>Per Examination</u>
<u>CHANGE IN NET ASSETS</u>			
ADDITIONS to net assets attributed to:			
Sponsor contributions	\$2,023,386	\$ 0	\$2,023,386
Participant contributions	148,526	0	148,526
Net change in claims incurred but not reported	87,240	\$ 0	87,240
Cobra and miscellaneous contributions	9,636	0	9,636
Interest income	336	0	336
Rebates	12,170	0	12,170
Total additions	<u>\$2,281,294</u>	<u>\$ 0</u>	<u>\$2,281,294</u>
DEDUCTIONS from net assets attributed to:			
Benefits paid to participants	\$1,547,838	\$ 0	\$1,547,838
Administrative expenses	511,566	0	511,566
Total deductions	<u>\$2,059,404</u>	<u>\$ 0</u>	<u>\$2,059,404</u>
<i>Net Addition (Decrease) to Net Assets/Surplus</i>	<u>\$ 221,890</u>	<u>\$ 0</u>	<u>\$ 221,890</u>

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RECONCILIATION OF NET ASSETS/SURPLUS
September 30, 2008 through September 30, 2010

	<u>2009</u>	<u>2010*</u>
Net Assets/Surplus, End of Previous Year,	\$ <u>438,780</u>	\$ <u>476,288</u>
Net Addition (Decrease) to Net Assets (Surplus)	<u>37,508</u>	<u>221,890</u>
Net Assets/Surplus, End of Current Year	<u>\$ 476,288</u>	<u>\$ 698,178</u>

*Per Examination

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NOTE TO THE FINANCIAL STATEMENTS

Claims Incurred But Not Reported

\$114,958

The captioned liability as of September 30, 2010 was examined by Lewis & Ellis, LLC, contract actuaries for the Idaho Department of Insurance. The result of their review and analysis indicates that the Plan's IBNR reserves were redundant by \$3,823. The actuary concluded that the IBNR established by the Plan was reasonable and the methodology utilized was appropriate.

The contract actuary also reviewed the actuarial certification submitted with the Plan's September 30, 2010 financial statements for regulatory compliance. In his opinion, the actuarial certification meets regulatory requirements.

SUMMARY, COMMENTS AND RECOMMENDATIONS

Summary

The results of this examination disclosed that as of September 30, 2010, the Plan had assets of \$813,136, liabilities of \$114,958 and net assets/trust fund surplus of \$698,178.

Based on the September 30, 2010 IBNR reserve as stated in the financial statements in this examination report, the Plan's minimum trust fund surplus as prescribed under Section 41-4010(3), Idaho Code should be:

Minimum Surplus Computation

Adjusted trust fund surplus per this Report		\$698,178
IBNR claims liability per this Report	\$114,958	
Percentage per Idaho Code	<u>x .30</u>	
Minimum surplus required by Idaho Code		<u>34,487</u>
Surplus in Excess of Idaho Code Requirement		<u>\$663,691</u>

Therefore, it appears that the Plan has complied with the minimum surplus requirement under Section 41-4010(3), Idaho Code.

Comments and Recommendations

Page

- 3 It is recommended that the Trust draft and implement a written conflict of interest procedure(s) and draft and implement the use of related conflict of interest statements. Conflict of interest statements should be executed by Sponsor employees working in related Trust administration areas, all of the Trustees and applicable consultants. The conflict of interest statements should be executed at least annually and reviewed by the Board of Trustees, with such review documented in the Board minutes.

CONCLUSION

The undersigned acknowledges the assistance and cooperation of the Plan's trustees and employees and Mike Mayberry, FSA, MAAA consulting actuary for the Idaho Department of Insurance, in conducting the examination.

Respectfully submitted,

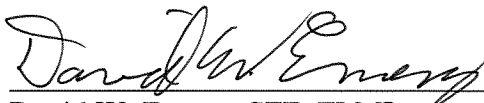
A handwritten signature in black ink that reads "David G. Emery". The signature is written in a cursive style with a horizontal line underneath the name.

David Emery, CFE, FLMI
Senior Insurance Examiner
State of Idaho
Department of Insurance

AFFIDAVIT OF EXAMINER

State of Idaho
County of Ada

David W. Emery, being duly sworn, deposes and says that he is a duly appointed Examiner for the Department of Insurance of the State of Idaho, that he has made an examination of the affairs and financial condition of the City of Caldwell Employee Benefit Plan for the period from November 4, 2008 through September 30, 2010, including subsequent events, that the information contained in the Report consisting of the foregoing pages is true and correct to the best of his knowledge and belief, and that any conclusions and recommendations contained in the Report are based on the facts disclosed in the examination.



David W. Emery, CFE, FLMI
Examiner-in-Charge
Department of Insurance
State of Idaho

Subscribed and sworn to before me the 4th day of OCTOBER, 2011 at Boise, Idaho



Notary Public
My commission Expires: 30 OCT 2013



EXHIBIT B

State of Idaho
DEPARTMENT OF INSURANCE

C.L. "BUTCH" OTTER
Governor

700 West State Street, 3rd Floor
P.O. Box 83720
Boise, Idaho 83720-0043
Phone (208)334-4250
FAX # (208)334-4398

WILLIAM W. DEAL
Director

WAIVER

In the matter of the Report of Examination as of September 30, 2010, of:

City of Caldwell Employee Benefit Trust
411 Blaine Street
Caldwell, Idaho 83605-3619

RECEIVED
2011 NOV 14 PM 1:37
STATE OF IDAHO
DEPT OF INSURANCE

By executing this Waiver, the City of Caldwell Employee Benefit Trust hereby acknowledges receipt of the above-described examination report, verified as of the 4th day of October 2011, and by this Waiver hereby consents to the immediate entry of a final order by the Director of the Department of Insurance adopting said report without any modifications.

By executing this Waiver, the Trust also hereby waives:

1. its right to examine the report for up to four (4) weeks as provided in § 41-4013(3), Idaho Code, and
2. its right to recommend to the director such corrections or changes therein as prescribed by § 41-4013(3), Idaho Code, and
3. any right to request a hearing under Idaho Code sections 41-227(5) and (6), 41-232(2)(b), or elsewhere in the Idaho Code, and
4. any right to seek reconsideration and appeal from the Director's order adopting the report as provided by section 41-227(6), Idaho Code, or elsewhere in the Idaho Code.

Dated this 10 day of November, 2011

Eric Jay Waite MONICA JONES
Name(s) (print)

Eric Jay Waite Monica Jones
Name(s) (signature)

Trustees
Title(s)