



IMAGING COVER SHEET

NAIC #:MEWA12

NAIC Group Code:000

Company Name:SOUTH LORAIN MERCHANTS ASSOCIATION HEALTH AND WELFARE TRUST

Company Type:

☐ P&C ☐ Life ☐ HIC ☐ Frat ☐ Title ☒ MEWA ☐ HW ☐ MPA

☒ DOMESTIC ☐ FOREIGN

Form Type:STATEMENTS

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MEWA12

DEERS

FEIN Number 34-1492303

QUARTERLY STATEMENT

As of SEPTEMBER 30, 2002

OF THE CONDITION AND AFFAIRS OF THE

SOUTH LORAIN MERCHANTS ASSOCIATION HEALTH + WELFARE TRUST

established under the Laws of the State of OHIO, made to the

INSURANCE DEPARTMENT OF THE STATE OF

PURSUANT TO THE LAWS THEREOF

Established 4-1-1989 Commenced Business 4-1-1989

Statutory Home Office 222 SOUTH MAIN ST, AKRON, OH 44308
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 33479 LAKE ROAD
(Street and Number)

AVON LAKE, OH 44012 440-930-7500
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 33479 LAKE ROAD, AVON LAKE, OH 44012
(Street and Number or P.O. Box) (City, or Town, State and Zip Code)

Primary Location of Books and Records 33479 LAKE ROAD
(Street and Number)

AVON LAKE, OH 44012 440-930-7500
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Quarterly Statement Contact Person and Phone Number (include extension) CHAD BUSKIRK X222

OFFICERS

Chairperson _____
Secretary _____ Vice-Presidents _____
Treasurer _____

TRUSTEES

SANDRA KAISER
ROBERT ZELINA
WALTER GUCK JR.

State of OHIO

County of LORAIN ss

Chairperson, Secretary, Treasurer

of the SLMA HEALTH & WELFARE BENEFIT PLAN being duly sworn, each deposes and says that they are the above described officers of the trust carrying on the business of a MEWA, and that on the quarter ending 9-30-02, all of the herein described assets were the absolute property of the MEWA, free and clear from any liens or claims thereon, except as herein stated, and that this quarterly statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to is a full and true statement of all the assets and liabilities and of the condition and affairs of the MEWA as of the quarter ending 9-30-02, and of its income and deductions therefrom for the calendar period ended on that date, and have been completed in accordance with the quarterly statement instructions and accounting practices and procedures prescribed by the Ohio Department of Insurance, according to the best of their information, knowledge and belief, respectively.

Sandra L. Kaiser
Chairperson Secretary Treasurer

(a) Is this an original filing?

Yes [] No []

(b) If no

(i) state the amendment number

(ii) date filed

(iii) number of pages attached

cribed and sworn to before me this

15 day of October 2002
Kathy Jenene Wiesbrook

NOTARY PUBLIC (Seal)

KATHY JENENE WIESBROOK
NOTARY PUBLIC, STATE OF OHIO
MY COMMISSION EXPIRES 10/03/04

ASSETS		I Current Period	December 31, 2001
1.	Bonds		
2.	Stocks		
2.1	Preferred Stocks		
2.2	Common Stocks	236,428	100,788
3.	Mortgage loans on real estate		
4.	Real estate, less \$..... encumbrances		
5.	Collateral loans		
6.1	Cash on hand and on deposit	127,998	373,089
6.2	Short-term investments	2,071,157	1,471,013
7.	Aggregate write-ins for invested assets		
7A.	Subtotals, cash and invested assets (Lines 1 to 7)	2,435,583	1,944,890
8.	Premium due and unpaid	109,662	171,199
9.	Funds held by or deposited with reinsurance companies		
10.	Reinsurance recoverables on loss and loss adjustment payments		33,635
10.1	Reinsurance recoverable on unpaid losses		
11.	Federal income tax recoverable		
12.	Interest and other investment income due and accrued	18,093	25,033
13.	Receivable from parent, subsidiaries and affiliates		
14.	Electronic data processing equipment		
15.	Aggregate write-ins for other than invested assets	30,027	32,811
16.	TOTALS (Lines 7A through 15)	2,593,365	2,207,568
DETAILS OF WRITE-INS AGGREGATED AT LINE 7 FOR INVESTED ASSETS			
0701		
0702		
0703		
0704		
0705		
0798	Summary of remaining write-ins for Line 7 from overflow page		
0799	Totals (Lines 0701 through 0705 plus 0798)(Page 2, Line 7)		
DETAILS OF WRITE-INS AGGREGATED AT LINE 15 FOR OTHER THAN INVESTED ASSETS			
1501	PROVIDER VOIDS / REFUNDS	9,523	13,435
1502	CLAIM REIMBURSEMENTS	20,504	11,901
1503	LITIGATION SETTLEMENTS	-	5,000
1504	BANK CHARGE REIMBURSEMENT	-	2,675
1505		
1598	Summary of remaining write-ins for Line 15 from overflow page		
1599	Totals (Lines 1501 through 1505 plus 1598)(Page 2, Line 15)	30,027	32,811

NOTE: The lines on this page to agree with Exhibit 1, Column 4.

LIABILITIES, SURPLUS AND SPECIAL FUNDS		
	1	2
	Current Period	December 31, 2001
1. Claims unpaid (Part 2A, Col. 4, Line 5).....	* SEE OVERFLOW PAGE 1,524,983	1,549,983
2. Unpaid claims adjustment expenses (Part 3, Line 22b, Col. 2).....	28,000	28,000
3. Unearned premiums (Part 1, Line 5, Col. 8).....	167,514	97,746
4. Unearned investment income (Part 4, Line 9, Col. 4).....		
5. (a) Taxes, licenses and fees due or accrued (excluding Federal income taxes).....		
(b) Federal income taxes (excluding deferred taxes).....		
(c) Stop loss, excess, or reinsurance premium due and unpaid.....	10,641	26,694
(d) Other expenses due or accrued.....		
6. Premium deposits made by applicants rejected or not as yet accepted as members or subscribers.....		
7. Borrowed money \$..... and interest thereon \$.....		
8. Amounts withheld or retained for account of others.....		
9. Stop loss, excess, or reinsurance received but not yet due.....		
10. Provision for unauthorized reinsurance.....		
11. Aggregate write-ins for other liabilities.....	79,244	99,818
12. Total liabilities (Lines 1 to 11).....	1,810,382	1,802,241
SURPLUS AND SPECIAL FUNDS		
13. Surplus.....	782,983	405,327
14. Aggregate write-ins for surplus and special funds.....		
15. Total (Line 13 plus Line 14; Page 4, Line 21).....	782,983	405,327
16. TOTALS (Lines 12 plus 15)	2,593,365	2,207,568
DETAILS OF WRITE-INS AGGREGATED AT LINE 11 FOR OTHER LIABILITIES		
1101.		
1102. ACCRUED LEGAL / PROFESSIONAL.....	27,658	11,362
1103. AMOUNTS WITHHELD.....	26,015	49,532
1104. ACCRUED ADMIN. FEES.....	25,571	38,924
1105.		
1198. Summary of remaining write-ins for Line 11 from overflow page.....		
1199. Totals (Lines 1101 through 1105 plus 1198)(Page 3, Line 11)	79,244	99,818
DETAILS OF WRITE-INS AGGREGATED AT LINE 14 FOR SURPLUS AND SPECIAL FUNDS		
1401.		
1402. N/A.....		
1403.		
1404.		
1405.		
1498. Summary of remaining write-ins for Line 14 from overflow page.....		
1499. Totals (Lines 1401 through 1405 plus 1498)(Page 3, Line 14)		

UNDERWRITING AND INVESTMENT EXHIBIT	1 Current Year To Date	2 Prior Year Ended December 31
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 5, Col. 9)..... * SEE OVERFLOW PAGE	5,508,254	5,883,073
2. Claims incurred (Part 2, Line 5, Col. 5).....	3,532,063	3,919,454
3. Expenses incurred (Part 3, Line 21, Col. 2, 3, 4):		
(a) Claim adjustment.....		
(b) Administrative..... * SEE OVERFLOW PAGE	1,066,595	1,097,278
(c) Soliciting.....		
4. Individual stop loss, excess, or reinsurance expense (Net of incurred Recoveries).....	609,715	431,498
5. Aggregate stop loss, excess, or reinsurance expense (Net of incurred Recoveries).....		
5A Aggregate write-ins for underwriting deductions.....		
6. Total underwriting deductions (Lines 2 through 5).....	5,208,373	5,448,230
7. Net underwriting gain or (loss)(Line 1 minus Line 6).....	319,881	434,843
INVESTMENT INCOME		
8. Net investment income earned (Part 4, Line 14, Col. 8).....	57,775	72,797
9. Net realized capital gains or (losses) (Part 4A, Line 10, Col. 6).....		156
10. Net investment gain or (loss) (Line 8 plus Line 9).....	57,775	72,953
OTHER INCOME		
11. Aggregate write-ins for other income.....		
12. Net gain or (loss) before federal income taxes (Lines 7 + 10 + 11).....	377,656	507,796
13. Federal income taxes incurred.....		
14. Net gain or (loss) (to Line 16) (Line 12 minus Line 13).....	377,656	507,796
SURPLUS AND SPECIAL FUNDS		
15. Surplus and special funds December 31, previous year (Page 4, Line 21, Col. 2).....	405,327	<102,469>
GAINS AND (LOSSES)		
16. Net gain or (loss) (from Line 14).....	377,656	507,796
17. Net unrealized capital gains or (losses) (Part 4A, Line 11, Col. 6).....		
18. Change in non-admitted assets (Exhibit 2, Line 9, Col. 3).....		
19. Aggregate write-ins for changes to surplus and special funds.....		
20. Change in surplus and special funds for the year (Lines 16 through 19).....	377,656	507,796
21. Surplus and special funds December 31, current year (Line 15 plus Line 20)	782,983	405,327
DETAILS OF WRITE-INS AGGREGATED AT LINE 11 FOR OTHER INCOME		
1101 Amounts withheld.....	400,321	877,411
1102		
1103 Amounts withheld.....	<400,321>	<877,411>
1104		
1198 Summary of remaining write-ins for Line 11 from overflow page.....		
1199 Totals (Lines 1101 through 1105 plus 1198) (Page 4, Line 11)	- 0 -	- 0 -
DETAILS OF WRITE-INS AGGREGATED AT LINE 19 FOR CHANGES TO RESERVES AND SPECIAL FUNDS		
1901		
1902		
1903		
1904		
1998 Summary of remaining write-ins for Line 19 from overflow page.....		
1999 Totals (Line 1901 through 1905 plus 1998) (Page 4, Line 19)		

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 A-CLAIMS UNPAID

1 Line of Business	2 Reported Claims in Process of Adjustment	3 Estimated Incurred But Unreported	4 Total Claims Unpaid
1. Hospital			
2. Medical	125,000	1,399,983	1,524,983
3. Dental			
4. Other			
5. Totals	125,000	1,399,983	1,524,983

PART 2B-ANALYSIS OF CLAIMS UNPAID-PREVIOUS YEAR

1 Line of Business	Claims Paid Year to Date		Claims Unpaid as of Current Period		6 Total Claims Incurred to date on Claims Incurred in Prior Years (Columns 2 + 4)	7 Reported Liability on Unpaid Claims as of December 31 Previous Year
	2 On Claims Incurred Prior to January 1 of Current Year	3 On Claims Incurred During the Year	4 On Claims Unpaid Dec. 31 of Previous Year	5 On Claims Incurred During the Year		
1. Hospital						
2. Medical	1,343,846	2,213,217	55,845	1,469,138	1,399,691	1,549,983
3. Dental						
4. Other						
5. Totals	1,343,846	2,213,217	55,845	1,469,138	1,399,691	1,549,983

* Part 2B, Column 4 and column 5 must equal Part 2A Total of column 4

EXHIBIT 1-ANALYSIS OF ASSETS

	1	2	3	4
	Ledger Assets	Non-Ledger Including Excess of Market (or Amortized) Over Book Values	Assets Not Admitted Including Excess of Book Over Market (or Amortized Values)	Net Admitted Assets (Cols 1 + 2 - 3)
1. Bonds (Schedule D).....				
2. Stocks (Schedule D):				
2.1 Preferred stocks.....				
2.2 Common stocks.....	236,428			236,428
3. Mortgage loans on real estate (Schedule B):				
(a) First liens.....				
(b) Other than first liens.....				
4. Real estate, less encumbrances (Schedule A).....				
5. Collateral loans (Schedule C).....				
6.1 Cash on hand and on deposit:				
(a) Cash in company's office.....				
(b) Cash on deposit (Schedule E).....	127,998			127,998
6.2 Short-term investments (Schedule DA).....	2,071,157			2,071,157
7. Aggregate write-ins for invested assets.....				
7A. Subtotal, cash and invested assets.....	2,435,583			2,435,583
8. Premium due and unpaid.....	29,032	180,664		109,662
9. Funds held by or deposited with reinsurance companies.....				
10. Reinsurance recoverables on loss and loss adjustment payments (Schedule S, Col. 1).....				
10A. Reinsurance recoverable on unpaid losses.....				
11. Federal income tax recoverable.....				
12. Interest and other investment income due and accrued.....	18,093			18,093
13. Receivables from parent subsidiaries and affiliates.....				
14. Electronic data processing equipment.....				XXX
15. Equipment, furniture and supplies.....				XXX
16. Third party reimbursements receivable.....				XXX
17. Assessments and penalties due and unpaid.....				XXX
18. Prepaid expenses.....				XXX
19. Loans on person security, endorsed or not.....				
20. Aggregate write-ins for other than invested assets.....	30,027			30,027
21. Totals (Lines 1 through 20).....	2,774,029	180,664		2,593,365
DETAILS OF WRITE-INS AGGREGATED AT LINE 7 FOR INVESTED ASSETS				
0701.....				
0702.....				
0703.....				
0704.....				
0705.....				
0798 Summary of remaining write-ins for Line 7 from overflow page.....				
0799 Totals (Lines 0701 through 0705 plus 0798)(Exhibit 1, Line 7).....				
DETAILS OF WRITE-INS AGGREGATED AT LINE 20 FOR OTHER THAN INVESTED ASSETS				
2001.....				
2002 PROVIDER VOIDS + REFUNDS.....	9,523			9,523
2003.....				
2004 CLAIM REIMBURSEMENTS.....	20,504			20,504
2005.....				
2098 Summary of remaining write-ins for Line 20 from overflow page.....				
2099 Totals (Lines 2001 through 2005 plus 2098)(Exhibit 1, Line 20).....	30,027			30,027

EXHIBIT 2-ANALYSIS OF NON-ADMITTED ASSETS

Excluding Excess of Book Over Market (or Amortized) Values and Exhibit 1, Line 12, Column 3

	1	2	3
	End of Previous Year	End of Current Period	Change for Year (Increase) or Decrease (Column 1 minus Column 2)
1. Uncollected premiums.....			
2. Deposits in suspended depositories, less estimated amount recoverable.....			
3. Equipment, furniture and supplies.....			
4. Loans on personal security, endorsed or not.....			
5. Third Party reimbursements receivable.....			
6. Assessments and penalties due and unpaid.....			
7. Prepaid expenses.....			
8. Aggregate write-ins for assets not admitted.....			
9. Total change (Column 3)(Carry to Page 4, Line 18).....	XXX	XXX	
DETAILS OF WRITE-INS AGGREGATED AT LINE 8 FOR ASSETS NOT ADMITTED			
0801.....			
0802.....			
0803.....			
0804.....			
0805.....			
0898 Summary of remaining write-ins for Line 8 from overflow page.....			
0899 Totals (Lines 0801 through 0805 plus 0898) (Exhibit 2, Line 8).....			

GENERAL INTERROGATORIES

1. (a) Where any of the stocks, bonds or other assets of the MEWA loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes ☐ No ☒
- (b) If "yes", please give full and complete information relating thereto.
-
-
2. (a) Have any changes been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the MEWA? Yes ☐ No ☒
- (b) If "Yes", date of change: _____
- If not previously filed, furnish herewith a certified copy of the instrument as amended.
3. Have there been any substantial changes in the organizational chart, managers, officers or Trustees since year end? Yes ☐ No ☒
- If "yes", attach an explanation.
4. (a) If the MEWA is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved since the last filed statement? Yes ☐ No ☒
- (b) If "yes", attach an explanation.
5. (a) Have any of the MEWA's primary reinsurance contracts been canceled since the last filed statement? Yes ☐ No ☒
- (b) if "yes", give full and complete information thereto.
-
-
6. (a) What is the number of employer groups as of the current period?
- (b) What is the number of enrollees as of the current period?

185
5,856

* INCLUDES PARTIALLY SELF-FUNDED & HMO LIVES

OVERFLOW PAGE FOR WRITE-INS

PAGE 3 OVERFLOW WRITE-INS

Line 1

CLAIMS UNPAID:

Actuarial Estimated IBNR	\$ 1,177,808
Additional Shared-risk Coverage Liability	\$ 125,000
Additional Liability "Cushion" approved by BoT (conservative approach taken, equal to 01Y/E amt.)	\$ 222,175
	<u>\$ 1,524,983</u>

*** Simplified RFP's mailed to various actuaries on Oct. 17, 2002 ***

PAGE 4 OVERFLOW WRITE-INS

Line 1

PREMIUMS EARNED:

**% of
Revenue**

Fully-funded Coverage	\$ 3,244,196	58.68%
Shared-risk Coverage	\$ 2,284,058	41.32%
Total Premiums Earned	<u>\$ 5,528,254</u>	100.00%

Line 3b

ADMINISTRATIVE FEES:

**% of
Revenue**

Accounting/Audit Fees	\$ 39,017	0.71%
Actuarial Fees	\$ 5,991	0.11%
Banking Fees	\$ 293	0.01%
Collection Fees	\$ 9,887	0.18%
Legal Fees	\$ 88,222	1.60%
Insurance	\$ 4,625	0.08%
Licensing	\$ 1,000	0.02%
Association Dues	\$ 22,908	0.41%
Printing	\$ 2,964	0.05%
CBG Admin Fees:		
Fully-funded Coverage	\$ 441,368	7.98%
Shared-risk Coverage	\$ 345,889	6.26%
"Pass-through" Products	\$ 104,431	1.89%
Total CBG Admin Fees	\$ 891,688	16.13%
Total Administrative Fees	<u>\$ 1,066,595</u>	19.29%

**SOUTH LORAIN MERCHANTS ASSOCIATION HEALTH &
WELFARE TRUST**

INCOME STATEMENT ANALYSIS

BUDGET -VS- ACTUAL

SEPTEMBER 2002 YTD

Revenue:

Reported Variance: \$ -304,451 (-5.2%)

Revenue YTD remained lower than initially anticipated. A slow down in new group participation for the first eight months of the year contributed significantly to the variance in revenue. New group participation is anticipated to increase as the year progresses.

Underwriting Expenses:

Reported Variance: \$ -531,581 (-8.9%)

Net underwriting expenses YTD continue to be lower than initially anticipated. The decrease in new participation enrollments and better than anticipated claims history is resulting in higher underwriting margins.

Administrative Expenses:

Reported Variance: \$ -28,400 (-2.6%)

Administrative expenses incurred remained slightly lower than projected. Lower than anticipated administrative expenses earlier in the year were caused in part by a decrease in legal fees. TPA administrative fees were also lower than anticipated due to the lower than expected revenues. Accounting and audit fees remain higher than initially anticipated. The initial projection for administrative fees is still believed to be an accurate overall estimate for the year.

Stop Loss Premiums (net of recoveries):

Reported Variance: \$ -24,337 (-3.8%)

Stop loss premiums paid, net of recoveries, remain lower than initially anticipated. The variance for stop loss premiums paid is expected reverse as the year progressive due to the modification to the Plan's stop loss contract earlier in the year.

Investment Income/Expense:

Reported Variance: \$ -431 (.7%)

Investment income earned by the Plan is slightly lower than initially projected but deemed immaterial due to the amount relative to the overall projection.

Overall Results:

Reported Variance: \$ 279,437

The YTD income remains higher than initially anticipated.

Increasing underwriting margins, “caps” on prescription coverage and better utilization of networks contributed to net income over initially projected amounts. Hospital audit savings, which is something that was implemented in 2002, has directly saved the Plan nearly \$100,000 YTD.

Underwriting margins on “shared-risk” coverage is significantly higher than anticipated and is contributing to better than anticipated operating results.

SLMA Claim Liability 9/30/02

1 Pending, repriced	311,951
2 Paid 10/102 to 10/7/02	96,178
3 Unreported , formula	60,001
4 Additional IBNR	476,093
5 Total Fully Funded	944,222
5 Excess groups	140,000
6 Excess TU	37,500
7 Margin 5.00%	56,086
8 Total Reserve	1,177,808

mg=0902

