EXHIBIT A
STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE

REPORT ON EXAMINATION

OF

TENNESSEE INDEPENDENT COLLEGES AND UNIVERSITIES ASSOCIATION BENEFIT CONSORTIUM, INC.
NASHVILLE, TENNESSEE

AS OF
DECEMBER 31, 2016
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Honorable Julie Mix McPeak
Commissioner
Tennessee Department of Commerce and Insurance
500 James Robertson Parkway
Nashville, Tennessee 37243

Dear Commissioner:

Pursuant to your instructions and in accordance with the Tennessee Code Annotated ("Tenn. Code Ann.") § 56-26-204(b) and Tenn. Comp. R. & Regs. 0780-01-76-.11(1), a full-scope financial examination and market conduct review, as of December 31, 2016, has been made of the condition and affairs of:

TENNESSEE INDEPENDENT COLLEGES AND UNIVERSITIES ASSOCIATION BENEFIT CONSORTIUM, INC.
NAIC # 15980
1031 17th Avenue South
Nashville, TN 37212

hereinafter generally referred to as the "Consortium" or "TICUABC" and a report thereon is submitted as follows:

INTRODUCTION

This examination was arranged by the Tennessee Department of Commerce and Insurance (TDCI or "Department") under rules promulgated by the National Association of Insurance Commissioners (NAIC). The examination commenced on February 20, 2018, and was conducted by duly authorized representatives of the TDCI, pursuant to Tenn. Code Ann. § 56-26-204(b) and Tenn. Comp. R. & Regs. 0780-01-76-.11(1). This examination was not coordinated with any other states.

SCOPE OF EXAMINATION

The last examination of the Consortium was made as of December 31, 2011. This examination covers the period January 1, 2012, through December 31, 2016, and includes any material transactions and/or events occurring subsequent to the examination date which were noted during the course of examination.
The examination was conducted in accordance with rules and procedures as prescribed by the statutes of the State of Tennessee, and in accordance with the NAIC *Financial Condition Examiners Handbook* ("Handbook"), as deemed appropriate. The examination was planned and performed to evaluate the financial condition of the Consortium as of December 31, 2016. The examination sought to identify prospective risks by obtaining information about the Consortium, including its corporate governance, by identifying and assessing inherent risks within the Consortium, and by evaluating system controls and procedures used to mitigate those risks. The examination also included assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation and management's compliance with statutory accounting principles and annual statement instructions.

During planning, all accounts and balances were considered to determine which key activities and accounts would be examined. The key activities included: Pricing/Underwriting; Reserving/Claims; Investments; Reinsurance; Related Party; and Capital and Surplus.

The Consortium's 2016 annual statement was compared with or reconciled to the corresponding general ledger account balances.

Independent information technology specialist services, provided by Lewis & Ellis, Inc., were utilized in the examination review of the Consortium's information technology area. The examination included a review of management and organizational controls, logical and physical security controls, system and program development controls, contingency planning controls, service provider controls, operations controls, processing controls, e-commerce controls, and network and internet controls.

A separate market conduct review was also performed concurrently with the financial examination. See the "Market Conduct Activities" section of this report.

The actuarial firm of Lewis & Ellis, Inc. was utilized in the examination review of the Consortium's loss reserves.

Faulkner, Mackie, and Cochran was the certified public accountant (CPA) and independent auditor for the Consortium for all years under examination. The CPA's workpapers were reviewed for the 2016 audit and copies were incorporated into the examination, as deemed appropriate.

The Consortium provided a letter of representation certifying that management has disclosed all significant matters and records.
COMPLIANCE WITH PREVIOUS EXAMINATION FINDINGS

There were no comments or recommendations in the prior report.

COMPANY HISTORY

The Consortium was incorporated on December 5, 2000, under the Tennessee Business Corporation Act as a not-for-profit corporation authorized to transact business in the State of Tennessee. The Consortium was formed in order to establish an "employee welfare benefit plan" as defined by the Employee Retirement Income Security Act of 1974 (ERISA). The Consortium's purpose is for the payment of medical benefits to the participants who are current or former employees of the members, and dependents and beneficiaries of the participants. In order to become a member of the Consortium, an institution has to be a member of the Tennessee Independent Colleges and Universities Association (Association).

Business commenced on May 1, 2001, with sixteen institutions joining between May 1 and June 1 of that year. The Internal Revenue Service issued a determination letter, dated August 29, 2002, recognizing the Consortium as exempt from federal income tax under Internal Revenue Code §501(a) as a voluntary employee benefit association described in Internal Revenue Code §501(c)(9).

On March 5, 2004, the Consortium requested an Advisory Opinion from the United States Department of Labor stating that the Consortium was an employee welfare benefit plan ("Plan") for purposes of Title 1 of ERISA. On December 30, 2005, the United States Department of Labor sent a letter to the Consortium ruling that "the employer members of the Consortium would, at least in form, constitute a bona fide group or association of employers, and the Plan would, at least in form, constitute as an employee welfare benefit plan for the purpose of Title 1 of ERISA."

Until Tenn. Comp. R. & Regs. 0780-01-76 became effective on June 28, 2004, no specific statutes addressed the requirements for obtaining a certificate of authority for a "Multiple Employer Welfare Arrangement" (MEWA). The Consortium was granted its Certificate of Authority on August 13, 2007.

There were significant legislative changes in Tennessee during 2007 and 2008, which are applicable to organizations qualifying as a MEWA, which affected the Consortium, include the following: (1) effective May 7, 2007, the minimum number of member employers required for MEWA eligibility was reduced from ten (10) to two (2), provided there are at least five hundred (500) covered lives; and (2) effective July 1, 2008,
MEWA's are no longer subject to Tennessee premium taxes on contributions paid by member employers and their covered participants, provided that the MEWA's sponsoring association has been in existence for at least twenty-five (25) years, such as the Association.

**MANAGEMENT AND CONTROL**

**MANAGEMENT**

**Directors**

The Bylaws state that the business and affairs of the Consortium shall be managed under the direction of a Board of Directors ("Board"), which shall not be reduced below three (3) directors. They also specify that the Board shall appoint a Plan Administrator (also known as Executive Director), who shall have sole responsibility for determining the existence, nature and amount of the rights and interests of all persons in the Trust Fund, as well as such other duties as prescribed for plan administrators and named fiduciaries by ERISA.

The following persons were serving as Directors of the Board, as of December 31, 2016:

<table>
<thead>
<tr>
<th>Name</th>
<th>Principal Occupation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gregory Eller</td>
<td>Director of Human Resources, Christian Brothers University</td>
</tr>
<tr>
<td>Gary Carter</td>
<td>Senior Vice President for Business Services, Union University</td>
</tr>
<tr>
<td>George Nadavillal</td>
<td>Director of Finance, Memphis College of Art</td>
</tr>
</tbody>
</table>

The Bylaws state each Member of the Association, who shall elect to participate in this Plan and meet certain requirements for membership shall be designated as a "Member." The Executive Director shall send a notice to all Members requesting nominations for the Board. Such nominees shall be presented as a slate to the Members who shall elect each Director by majority vote. Of the initial Board, four (4) Directors will be elected to serve two (2) year terms and three (3) will serve one (1) year terms. Thereafter, each Director shall be elected for a term of two (2) years, such elections to be held at the annual meeting of the Membership.

**Officers**

The Bylaws provide that the executive officers of the Consortium shall be a Chairperson, an Executive Director, and a Secretary, and such other officers as the Board may determine. The same individual may simultaneously hold more than one (1) office in the Consortium, except the offices of Executive Director and Secretary, as provided by the Bylaws.
The following officers were serving as officers of the Consortium, as of December 31, 2016:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gregg Conroy</td>
<td>Executive Director, Chairperson</td>
</tr>
<tr>
<td>Gregory Eller</td>
<td>Secretary</td>
</tr>
<tr>
<td>George Nadavillal</td>
<td>Treasurer</td>
</tr>
</tbody>
</table>

**Committees**
The Board may designate, establish, and charter any committees as it deems necessary. The Board designated an Audit Committee during the period of examination. As of December 31, 2016, the Audit Committee consisted of the following individuals:

George Nadavillal, Chair
Gregg Conroy
Gregory Eller

The administrative and executive functions of the Consortium are performed by staff employed by the Association, and provided to the Consortium under the terms of an Expense Reimbursement Agreement between the Consortium and the Association, as described in this report under the heading "Agreements with Parent, Subsidiaries, and Affiliates." Certain services are purchased from outside contractors, if needed and not available through the Expense Reimbursement Agreement. Such services include actuarial analysis, independent audit, and claims processing.

**CONTROL**
The Consortium is a mutual benefit corporation (non-profit) pursuant to the guidelines of ERISA and Section 501 (c)(9) of the Internal Revenue Code. Control is vested in the Members of the Consortium.

**DIVIDENDS**
The Consortium's status as a "voluntary employee benefit association," as described in Internal Revenue Code §501(c)(9), does not permit any part of its assets to revert to any member. Therefore, no dividends were declared or paid.

**CORPORATE RECORDS**
The minutes of meetings of the Board and Audit Committee were reviewed for the period under examination. The minutes reviewed were detailed and appeared to adequately reflect the acts of the respective bodies. However, the minutes of the Audit Committee were found to be incomplete, as the Consortium was unable to provide the
Audit Committee minutes for meetings held in calendar years 2013 and 2014. See “Comments and Recommendations” section in this report.

**Charter**

The Charter was filed and recorded with the Tennessee Secretary of State on December 5, 2000. The stated purpose of the Consortium was to establish and maintain an "employee welfare benefit plan" ("Plan") within the meaning of ERISA for the payment of life, sick, accident, and other similar benefits. The Directors shall hold all assets of the Consortium IN TRUST and for the exclusive benefit of the participants, their dependents, and beneficiaries (as defined in the Bylaws). The Consortium shall constitute a "voluntary employee beneficiary association" within the meaning of Section 501(c)(9) of the Internal Revenue Code of 1986, as amended from time to time, and the Regulations promulgated thereunder (hereinafter Section 501(c)(9)), and shall provide life, sick, accident, or other benefits consistent with its exempt status under Section 501(c)(9).

The Consortium did not make any amendments to its Charter during the examination period.

**Bylaws**

The Bylaws of the Consortium in effect on December 31, 2016, were adopted by the Board on January 18, 2005, and adopted by the Members on February 17, 2005. The Bylaws are such as are generally found in non-profit corporations of this type. They are consistent with the Charter and contain no unusual provisions.

The Bylaws state that premium rates for each benefit provided through the Consortium will be determined annually by the Board, and that all costs and expenses for administering the Consortium's affairs shall be shared by the Members on a pro-rated basis using the number of each Member's covered employees as the basis for such proration. Each Member is required to make contributions as determined by the Board in amounts sufficient to pay each Member's pro-rated share of the costs associated with the Plan including all liabilities of the Consortium that are unpaid, as well as premiums paid to any insurers as determined by the Board. Contributions are irrevocable. However, contributions made in error of fact may be returned within one (1) year after payment of such contribution.

The Consortium did not make any amendments to its Bylaws during the examination period.
AGREEMENTS WITH PARENT AND AFFILIATES

As of December 31, 2016, the Consortium had an expense reimbursement agreement with the Association. The agreement was made effective on May 1, 2001. The original term was for one (1) year ending April 30, 2002, to be automatically renewed for successive one (1) year periods, unless either party notifies the other party of its intent not to renew within ninety (90) days of the end of such term.

Under the agreement, the Association agrees to arrange and contract for such offices, equipment, supplies and personnel necessary for the Association and the Consortium to provide their respective services to the members of each organization. Each party agrees to maintain current records of the usage of the services provided under the agreement in order to determine the appropriate reimbursement in each year of the agreement.

The Consortium entered into a new expense reimbursement agreement with the Association effective January 1, 2013. The new agreement made adjustments to the monthly reimbursements paid by the Consortium to more accurately reflect the expenses incurred by the Association in providing its services.

FIDELITY BOND AND OTHER INSURANCE

The Consortium is listed as a named insured on a directors and officers insurance policy issued by Hartford Fire Insurance Company. The Consortium’s coverage exceeds the minimum amount suggested in the NAIC Handbook for fidelity coverage. The policy coverage was inspected and appears to be in-force as of the date of this examination. The above policy was issued by a company licensed to transact business in the State of Tennessee.

EMPLOYEE BENEFITS AND PENSION PLANS

The Consortium has no employees. All personnel are provided by the Association under the expense reimbursement agreement discussed under the heading "Agreements with Parent, Subsidiaries, and Affiliates."

TERRITORY AND PLAN OF OPERATION

TERRITORY

The Consortium was formed in order to establish an employee welfare and benefit plan as defined by ERISA. Presently, it qualifies as a MEWA subject to Tenn. Code Ann. §
As of December 31, 2016, the Consortium was licensed to transact business in Tennessee only. The Certificate of Authority was reviewed and found to be active.

**SCHEDULE T – PREMIUMS AND OTHER CONSIDERATIONS**

<table>
<thead>
<tr>
<th>State or District</th>
<th>Direct Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tennessee</td>
<td>$7,938,105</td>
</tr>
<tr>
<td>Totals</td>
<td>$7,938,105</td>
</tr>
</tbody>
</table>

**PLAN OF OPERATION**

The Consortium's purpose is to provide for the payment of medical benefits to the participants who are current or former employees of the Members and dependents and beneficiaries of the participants. In order to become a member of the Consortium, an institution must first be a member of the Association. Each member of the Consortium is required to sign the TICUABC Membership and Adoption Agreement.

The services of the two (2) employees of the Association who serve as the staff of the Consortium are provided under an expense reimbursement agreement with the Association. Other services are purchased from outside contractors, if needed. Such services include actuarial analysis, independent audit, and claims processing.
GROWTH OF COMPANY

The following exhibit depicts certain aspects of the growth and financial history of the Consortium for the period subject to this examination, according to its annual statements as filed with the TDCI:

<table>
<thead>
<tr>
<th>Year</th>
<th>Admitted Capital</th>
<th>Assets</th>
<th>Liabilities</th>
<th>Surplus</th>
<th>Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$5,037,839</td>
<td>$944,715</td>
<td>$4,093,124</td>
<td>$7,590,949</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>$4,533,673</td>
<td>$740,722</td>
<td>$3,792,951</td>
<td>$7,428,334</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>$4,786,480</td>
<td>$1,116,698</td>
<td>$3,669,782</td>
<td>$7,538,440</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>$4,930,936</td>
<td>$905,408</td>
<td>$4,025,528</td>
<td>$7,363,519</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>$5,348,182</td>
<td>$765,634</td>
<td>$4,582,548</td>
<td>$7,513,761</td>
<td></td>
</tr>
</tbody>
</table>

LOSS EXPERIENCE

The Consortium's loss experience since the previous examination, as reported in its annual statements, was as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Premium Income</th>
<th>Total Hospital &amp; Medical Expenses</th>
<th>Medical Loss Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$7,590,949</td>
<td>$5,953,069</td>
<td>78.4%</td>
</tr>
<tr>
<td>2015</td>
<td>$7,428,334</td>
<td>$6,249,431</td>
<td>84.1%</td>
</tr>
<tr>
<td>2014</td>
<td>$7,538,440</td>
<td>$6,834,782</td>
<td>90.7%</td>
</tr>
<tr>
<td>2013</td>
<td>$7,363,519</td>
<td>$6,883,040</td>
<td>93.5%</td>
</tr>
<tr>
<td>2012</td>
<td>$7,513,761</td>
<td>$5,558,921</td>
<td>74.0%</td>
</tr>
</tbody>
</table>

REINSURANCE AGREEMENTS

Assumed Reinsurance

The Consortium did not assume any reinsurance during the examination period.

Ceded Reinsurance

The primary intent of the Consortium's stop-loss agreement is to manage the Consortium's overall exposure to loss at or below a level that is within the capacity of its capital resources. The Consortium must also comply with Tenn. Comp. R. & Regs. 0780-01-76-.04(3) which states that a MEWA "shall maintain specific and aggregate stop-loss insurance coverage covering one hundred percent (100%) of claims in excess of the attachment points recommended by a qualified actuary."
As of the date of this examination, the Consortium had a specific stop-loss insurance policy written by Sun Life Assurance Company of Canada, which is an admitted insurer in Tennessee. Under the policy's specific coverage, the insurer agrees to indemnify the Consortium for covered medical and prescription drug expenses in excess of $225,000 specific retention per covered person, and an aggregate specific deductible of $75,000. In the actuarial opinion issued as of December 31, 2016, the actuary states that the current specific stop-loss deductible amounts are appropriate, and that the actuary feels that aggregate stop-loss is not necessary, considering the nature of the risks assumed and the organizational structure.

Other Considerations
The Consortium’s reinsurance agreement was found to contain such language as recommended by the NAIC and as required pursuant to Tenn. Code Ann. § 56-2-207(a)(2).

LITIGATION AND CONTINGENT LIABILITIES
As of December 31, 2016, the Consortium was not currently involved in any legal proceeding which was deemed to be material.

STATUTORY DEPOSITS
In compliance with statutory and other requirements, the Consortium maintained deposits with the TDCI, as of December 31, 2016.

The following deposit is maintained with the State of Tennessee where special deposits are for the benefit of all policyholders, claimants, and creditors of the Consortium.

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Description of Security</th>
<th>Book/Adjusted Carrying Value</th>
<th>Fair Value</th>
<th>Par Value (Dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tennessee Department of Insurance</td>
<td>US TREASURY NOTE</td>
<td>$501,001</td>
<td>$499,356</td>
<td>$500,000</td>
</tr>
<tr>
<td></td>
<td>8.750%, Due 3-31-18</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CUSIP# 912828Q45</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$501,001</td>
<td>$499,356</td>
<td>$500,000</td>
</tr>
</tbody>
</table>
ACCOUNTS AND RECORDS

Tenn. Comp. R. & Regs. 0780-01-65-.08(4), states that no partner or other person responsible for rendering a report by a certified public accounting firm may act in that capacity for more than five (5) consecutive years. The Consortium is audited annually by Faulkner, Mackie & Cochran, and is in compliance with this regulation.

During the course of the examination, certain balances were tested and amounts were traced from the Consortium’s trial balance to the annual statement. All of the Consortium's investment securities were confirmed with the custodian of such securities, as of the date of this examination. All annual statements for the period under examination were reviewed for completeness and adequacy of disclosure. The Consortium’s risk-based capital filings were reviewed. These test checks and reviews revealed no material discrepancies.

The Consortium’s books and records are located in Nashville, Tennessee.

MARKET CONDUCT ACTIVITIES

A market conduct review was made of the Consortium, as of December 31, 2016, in conjunction with this examination. The following market conduct areas were reviewed:

Operations and Management Standards
The Consortium’s procedures and policies relating to privacy and HIPPA were reviewed to determine compliance with applicable statutes, rules and regulations. No issues were noted.

Complaint Handling Standards
Inquiries made to the TDCI Consumer Insurance Services Section indicated no concerns or complaints with the Consortium during the period under examination.

Marketing and Sales Standards
The Consortium filed the Certificate of Compliance covering Advertisement of Accident and Health Policies. The certificate states that the advertisements were in compliance with Tenn. Comp. R. & Regs. 0780-01-8.17. No issues were noted.

Underwriting and Rating Standards
The Consortium's contribution rates were analyzed by a qualified actuary in accordance with Tenn. Comp. R. & Regs. 0780-01-76-.08. The actuarial opinion issued as of December 31, 2016, states that the currently filed contribution rates are sufficient to
fund the projected claims and costs of operation. It also states that the rates are not excessive, inadequate, or unfairly discriminatory.

**Policyholder Services**
The Consortiums premium notices were reviewed for adequacy of advance notice. No issues were noted.

**SUBSEQUENT EVENTS**
During the examination, a review of subsequent events was performed. No events were noted that required additional disclosure in this examination report. Our review confirmed the Consortium's disclosures in its 2016 Annual Statement and in its Letter of Representation. Management stated in its Letter of Representation that they were not aware of any events subsequent to December 31, 2016, that could have a material effect on the Consortium's financial condition.
FINANCIAL STATEMENTS

There follows a statement of assets, liabilities, and a statement of revenue and expenses as of December 31, 2016, together with a reconciliation of capital and surplus for the period under review, as reported by the Consortium in its 2016 Annual Statement.

### ASSETS

<table>
<thead>
<tr>
<th>Assets</th>
<th>Non-Admitted Assets</th>
<th>Net Admitted Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds</td>
<td>$501,001</td>
<td>$501,001</td>
</tr>
<tr>
<td>Cash and short-term investments</td>
<td>4,534,794</td>
<td>4,534,794</td>
</tr>
<tr>
<td>Investment income due or accrued</td>
<td>1,094</td>
<td>1,094</td>
</tr>
<tr>
<td>Premiums and considerations:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Uncollected premiums and agents balances in the course of collection</td>
<td>685</td>
<td>685</td>
</tr>
<tr>
<td>Healthcare and other receivable</td>
<td>190,533</td>
<td>190,268</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$5,228,107</strong></td>
<td><strong>$190,268</strong></td>
</tr>
</tbody>
</table>

### LIABILITIES, CAPITAL, AND SURPLUS

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>Capital and Surplus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Claims unpaid</td>
<td>$891,000</td>
</tr>
<tr>
<td>Unpaid claims adjustment expenses</td>
<td>41,251</td>
</tr>
<tr>
<td>General expenses due and accrued</td>
<td>12,464</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>944,715</strong></td>
</tr>
<tr>
<td>Gross paid in and contributed surplus</td>
<td><strong>$790,000</strong></td>
</tr>
<tr>
<td>Unassigned funds (surplus)</td>
<td>3,303,124</td>
</tr>
<tr>
<td><strong>Total Capital and Surplus</strong></td>
<td><strong>4,093,124</strong></td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$5,037,839</strong></td>
</tr>
</tbody>
</table>
### STATEMENT OF REVENUE AND EXPENSES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member Months</td>
<td>17,000</td>
</tr>
<tr>
<td>Net premium income</td>
<td>$7,590,949</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>$7,590,949</td>
</tr>
<tr>
<td><strong>HOSPITAL AND MEDICAL:</strong></td>
<td></td>
</tr>
<tr>
<td>Hospital/medical benefits</td>
<td>$4,690,706</td>
</tr>
<tr>
<td>Prescription drugs</td>
<td>1,487,328</td>
</tr>
<tr>
<td><strong>Subtotal Hospital and Medical</strong></td>
<td>6,178,034</td>
</tr>
<tr>
<td>Net reinsurance recoveries</td>
<td>$224,965</td>
</tr>
<tr>
<td><strong>Total Hospital and Medical</strong></td>
<td>5,953,069</td>
</tr>
<tr>
<td>Claims adjustment expenses including cost containment</td>
<td>676,374</td>
</tr>
<tr>
<td>General administrative expenses</td>
<td>474,227</td>
</tr>
<tr>
<td><strong>Total Underwriting Deductions</strong></td>
<td>7,103,670</td>
</tr>
<tr>
<td>Net Underwriting Gain</td>
<td>487,279</td>
</tr>
<tr>
<td><strong>INVESTMENT INCOME:</strong></td>
<td></td>
</tr>
<tr>
<td>Net investment income earned</td>
<td>3,162</td>
</tr>
<tr>
<td><strong>Net Investment Gain</strong></td>
<td>3,162</td>
</tr>
<tr>
<td>Net income or (loss) after capital gains tax and before all other federal income taxes</td>
<td>490,441</td>
</tr>
<tr>
<td>Federal income taxes incurred</td>
<td>0</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>$490,441</td>
</tr>
</tbody>
</table>
### CAPITAL AND SURPLUS ACCOUNT

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital and Surplus</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>December 31, previous year</td>
<td>$3,792,951</td>
<td>$3,669,782</td>
<td>$4,025,528</td>
<td>$4,582,548</td>
<td>$3,639,145</td>
</tr>
<tr>
<td>Net income or (loss)</td>
<td>490,441</td>
<td>123,169</td>
<td>(355,746)</td>
<td>(557,020)</td>
<td>943,403</td>
</tr>
<tr>
<td>Change in non-admitted assets</td>
<td>(190,268)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Net change in capital and surplus for the year</td>
<td>300,173</td>
<td>123,169</td>
<td>(355,746)</td>
<td>(557,020)</td>
<td>943,403</td>
</tr>
<tr>
<td>Capital and Surplus</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>December 31, current year</td>
<td>$4,093,124</td>
<td>$3,792,951</td>
<td>$3,669,782</td>
<td>$4,025,528</td>
<td>$4,582,548</td>
</tr>
</tbody>
</table>
ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS

Total Capital and Surplus $4,093,124

Total capital and surplus, as established by this examination, is the same as what was reported by the Consortium in its 2016 Annual Statement. There were no changes made to any asset or liability items as a result of our examination performed as of December 31, 2016.

COMMENTS AND RECOMMENDATIONS

The following list presents a summary of comments and recommendations noted in this report:

Comments
As noted above under “Management and Control”, the Consortium was not able to locate minutes from its Audit Committee for the years 2013 and 2014. It is advised that the Consortium maintain minutes for all Board and committee meetings.

Recommendations
The Consortium’s published 2016 plan document contained language that was not in accordance with Tenn. Code Ann. § 56-7-2302(c)(2) and Tenn. Comp. R. & Regs. 0780-01-34-.04. The plan document also contained language that was not permitted under state and federal law. It is recommended that the Consortium amend its plan document to incorporate language that is in accordance with the Tennessee Code Annotated, Rules and Regulations, and other state and federal laws.
CONCLUSION

The customary insurance examination practices and procedures, as prescribed by the statutes of the State of Tennessee, and guidance from the NAIC Handbook, as deemed appropriate, have been followed in connection with the verification and valuation of assets and the determination of liabilities of Tennessee Independent Colleges and Universities Association Benefit Consortium.

In such manner, it was found that, as of December 31, 2016, the Consortium had admitted assets of $5,037,839 and liabilities, exclusive of capital and surplus, of $944,715. Thus, there existed for the additional protection of the policyholders, the amount of $4,093,124 in the form of gross paid in and contributed surplus and unassigned funds. Therefore, the Consortium was in compliance with the requirements of Tenn. Comp. R. & Regs. 0780-01-76-.06.

The courteous cooperation of the officers and employees of the Consortium, extended during the course of the examination, is hereby acknowledged.

In addition to the undersigned, Justin Parr, AFE, Examiner, Lindsey Pittman, CISA, CFE, MCM, IT Examiner, and David Palmer, CFE, Supervising Examiner of the contracting firm Lewis & Ellis, Inc., Overland Park, Kansas, participated in the work of this examination.

Respectfully submitted,

[Signature]

Ryne Davison, CFE
Examiner-in-Charge
Lewis & Ellis, Inc.
Representing the State of Tennessee

[Signature]

A. Jay Uselton, CFE,
Insurance Examiner, EIC
Tennessee Department of Commerce and Insurance
AFFIDAVIT

The undersigned deposes and says that he has duly executed the attached examination report of Tennessee Independent Colleges and Universities Association Benefit Consortium, Inc. located in Nashville, Tennessee, dated May 8, 2018, and made as of December 31, 2016, on behalf of the Tennessee Department of Commerce and Insurance. Deponent further says he is familiar with such instrument and the contents thereof, and the facts therein set forth are true to the best of his knowledge, information, and belief.

Ryne Davison, CFE
Examiner-in-Charge
Lewis & Ellis, Inc.
Representing the State of Tennessee

State: Mississippi
County: Rankin

Subscribed to and sworn before me

this 21st day of June, 2018

(NOTARY)

My Commission Expires: Oct. 24, 2021
AFFIDAVIT

The undersigned deposes and says that he has duly executed the attached examination report of Tennessee Independent Colleges and Universities Association Benefit Consortium, Inc. located in Nashville, Tennessee, dated May 8, 2018, and made as of December 31, 2016, on behalf of the Tennessee Department of Commerce and Insurance. Deponent further says he is familiar with such instrument and the contents thereof, and the facts therein set forth are true to the best of his knowledge, information, and belief.

A. Jay Uelton, CFE,
Insurance Examiner, EIC
State of Tennessee

[Signature]

State Tennessee
County Davidson

Subscribed to and sworn before me

this 22nd day of June, 2018

[Signature] (NOTARY)

My Commission Expires: March 8, 2021
EXHIBIT B
June 25, 2018

E. Joy Little
Director of Financial Examinations/Chief Examiner
Tennessee Department of Commerce and Insurance
500 James Robertson Parkway
Nashville, TN 37243-1135


Dear Ms. Little:

We hereby acknowledge receipt of the final Report of Examination for Tennessee Independent Colleges & Universities Association Benefits Consortium, Inc.

By signing below, we indicate acceptance of the report, as transmitted, and without rebuttal.

Sincerely,

[Signature]
Gregory W. Eller
Executive Director
TICUA Benefit Consortium. Inc.
1031 17th Avenue South
Nashville, TN 37212
Email: ellar@ticua.org
V: 615.292.3535 ext. 206