



DEPARTMENT OF COMMERCE & INSURANCE

P.O. Box 690, Jefferson City, Mo. 65102-0690

ORDER

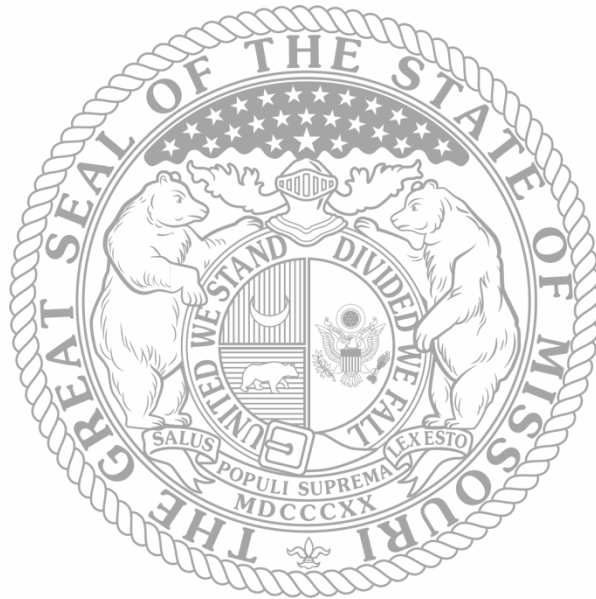
After full consideration and review of the report of the financial examination of Missouri Educators' Trust for the period ended June 30, 2024, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, Angela L. Nelson, Director of the Missouri Department of Commerce and Insurance pursuant to section 374.205.3(3)(a), RSMo, adopt such examination report. After my consideration and review of such report, workpapers, and written submissions or rebuttals, I hereby incorporate by reference and deem the following parts of such report to be my findings and conclusions to accompany this order pursuant to section 374.205.3(4), RSMo: summary of significant finding, company history, management and control, territory and plan of operation, growth of company and loss experience, reinsurance, accounts and records, financial statements, comments on financial statement items, financial statement changes resulting from examination, and summary of recommendations.

Based on such findings and conclusions, I hereby ORDER that the report of the financial examination of Missouri Educators' Trust as of June 30, 2024, be and is hereby ADOPTED as filed and for Missouri Educators' Trust to take the following action or actions, which I consider necessary to cure any violation of law, regulation or prior order of the Director revealed by such report: (1) account for its financial condition and affairs in a manner consistent with the Director's findings and conclusions.

So ordered, signed and official seal affixed this 29th day of September, 2025.



Angela L. Nelson, Director
Department of Commerce and Insurance



REPORT OF THE
FINANCIAL EXAMINATION OF

MISSOURI EDUCATORS' TRUST

AS OF
JUNE 30, 2024

STATE OF MISSOURI
DEPARTMENT OF COMMERCE & INSURANCE

JEFFERSON CITY, MISSOURI

TABLE OF CONTENTS

SCOPE OF EXAMINATION.....	1
PERIOD COVERED.....	1
PROCEDURES.....	1
SUMMARY OF SIGNIFICANT FINDINGS	1
COMPANY HISTORY	1
GENERAL	1
DIVIDENDS AND ASSESSMENTS.....	2
MERGERS AND ACQUISITIONS.....	2
CORPORATE RECORDS	2
MANAGEMENT AND CONTROL.....	2
CORPORATE GOVERNANCE	2
COMMITTEES.....	2
OFFICERS	3
ADMINISTRATIVE SERVICE COMPANIES	3
TERRITORY AND PLAN OF OPERATION	3
GROWTH OF COMPANY.....	4
REINSURANCE.....	5
ASSUMED.....	5
CEDED	5
ACCOUNTS AND RECORDS	5
INDEPENDENT ACCOUNTANTS	5
EXTERNAL ACTUARY	5

FINANCIAL STATEMENTS.....	5
ASSETS.....	6
LIABILITIES AND NET POSITION	6
STATEMENT OF REVENUES AND EXPENSES AND CHANGE IN NET POSITION	7
COMMENTS ON FINANCIAL STATEMENT ITEMS	8
EXAMINATION CHANGES	8
GENERAL COMMENTS AND/OR RECOMMENDATIONS	8
SUBSEQUENT EVENTS.....	8
ACKNOWLEDGMENT	9
VERIFICATION.....	9
SUPERVISION	10

Jefferson City, Missouri
June 19, 2025

Honorable Angela Nelson, Director
Missouri Department of Commerce and Insurance
301 West High Street, Room 530
Jefferson City, Missouri 65101

Director Nelson:

In accordance with your financial examination warrant, a full scope financial examination has been made of the records, affairs and financial condition of

Missouri Educators' Trust

hereinafter referred to as such, as MET, or as the Trust. Its administrative office is located at 300 South Jefferson Avenue, Springfield, Missouri, 65806. This examination began on May 20, 2025, and concluded on the above date.

SCOPE OF EXAMINATION

Period Covered

We have performed a single-state examination of MET. The last examination of the Company by the Department covered the period of July 1, 2014, through June 30, 2019. This examination of MET covers the period of July 1, 2019, through June 30, 2024. This examination also included the material transactions or events occurring subsequent to June 30, 2024.

Procedures

This examination was conducted using the guidelines set forth by applicable regulations of the Missouri Department of Commerce and Insurance and statutes of the state of Missouri. Standard examination procedures were modified as necessary under the circumstances.

SUMMARY OF SIGNIFICANT FINDINGS

There were no material adverse findings, significant non-compliance issues, or material changes to the financial statements noted during the examination.

COMPANY HISTORY

General

Missouri Educators' Trust was organized in July 2014 under the provisions of Sections 537.700 to 537.755 RSMo (Missouri Public Entity Risk Management Fund) for the purpose of providing a self-insured health insurance program for public school districts in Missouri. MET commenced business on July 1, 2014, with 68 member school districts that insured approximately 8,600 employees. MET entered the 2024 fiscal year with 81 Missouri school districts representing over 10,000 members.

Dividends and Assessments

MET's Articles of Association and Bylaws do not have any provisions for distributions of any excess funds in the Trust's net position (surplus) or special assessments for any deficits in the net position. Annual assessments (premiums) are determined on a group basis and are uniform for all member school districts.

Mergers and Acquisitions

There were no mergers or acquisitions involving the Trust during the examination period.

CORPORATE RECORDS

The Trust's Articles of Association and Bylaws were reviewed. The Bylaws were revised during the examination period on October 30, 2020, to establish the duties and responsibilities of the Executive Director position (who started July 1, 2020) and transfer certain duties from the President of the Executive Board to the Executive Director. Subsequent to the examination period, the Trust engaged an outside consultant to modernize and streamline the Articles of Incorporation and Bylaws. These amended and restated documents were adopted on November 6, 2024.

The minutes of the Executive Board and Board of Delegates' meetings were also reviewed for proper approval of corporate transactions.

MANAGEMENT AND CONTROL**Corporate Governance**

The management of the Trust is vested in an Executive Board with members that are elected by the Board of Delegates. Each member school district has a representative on the Board of Delegates. The Trust's Bylaws specify that the Executive Board shall consist of nine members that are appointed in staggered, three-year terms. The Executive Board members appointed and serving, as of June 30, 2024, were as follows:

<u>Name</u>	<u>Principal Occupation and School Affiliation</u>
Hilary Bales	Superintendent, Waynesville R-VI School District
Brandon Eggleston	Superintendent, Seneca R-VII School District
Telena Haneline	Superintendent, Licking R-VIII School District
Merlyn Johnson	Superintendent, Cassville R-IV School District
Jeff Mingus	Superintendent, Forsyth R-III School District
Jon Oetinger	Superintendent, Odessa R-VII School District
Matt Pearce	Superintendent, Republic R-III School District
Dustin Storm	Superintendent, Miller R-II School District
Adam Willard	Superintendent, Lathrop R-II School District

Committees

The Bylaws require the Executive Board to have a Nominating Committee that annually recommends a slate of three nominees for appointment to the Executive Board, subject to approval by the Board of Delegates.

Officers

The company had one employee, Executive Director Lance Massey. The Executive Board officers serving as of June 30, 2024, were as follows:

<u>Name</u>	<u>Office</u>
Dustin Storm	President
Brandon Eggleston	Vice President
Hilary Bales	Secretary

Administrative Service Companies

MET has an Executive Director but does not have any employees to perform day-to-day operations. All business functions are outsourced to third parties. Below is a summary of the service providers utilized, as of June 30, 2024:

- **Gallagher Benefit Services, Inc. (GBS)** – A consulting firm that provides various administrative and management services for the daily operations of MET. Compensation paid to GBS is a monthly fee based upon a percentage of premiums.
- **Anthem Blue Cross and Blue Shield (Anthem)** – A benefit administrator that provides a network of medical providers for member enrollees. Additional services include claims handling, claims payment, customer service, and case management. MET is a self-insured entity; therefore, the Trust reimburses Anthem for 100% of claims paid for member enrollees. The Trust also pays a monthly fee based upon the number of enrollees as compensation for the services provided.
- **Maxor National Pharmacy Services, LLC** – A pharmacy benefit provider for all member enrollees.
- **Connor Ash, P.C.** – An accounting firm that provides financial statement auditing services.
- **Haynes Benefits**- A firm that provides legal consultation and representation.
- **GBS Healthcare Analytics Consulting** – A consulting firm that determines IBNR reserves on an annual basis that are used by MET to book the liabilities in its financial statements.
- **PFM Asset Management, LLC** – An asset management firm that provides investment management and advisory services.
- **Armanino Advisory, LLC**- An accounting firm that provides accounting preparation services.
- **Businessolver.com, Inc.** – A benefits management firm that provides member enrollment and COBRA administration.

TERRITORY AND PLAN OF OPERATION

As of June 30, 2024, the Trust had 81 member school districts with approximately 11,900 employees, primarily located in rural areas of Missouri. The largest member accounted for 7.5% of total premiums for the 2023-2024 fiscal year. GBS employees perform underwriting reviews of school districts that apply for membership in MET.

MET's benefit administrator, Anthem, offers various health care plans to the employees and retirees of member school districts. Plan options include preferred provider organization (PPO) plans, exclusive provider organization (EPO) plans, and high deductible, health savings account

plans. Anthem pays claims directly to medical providers for services provided to enrollees. The Trust reimburses Anthem for claims paid on a weekly basis.

MET uses a fiscal year from July 1 to June 30. All policies issued to members have beginning and ending effective dates that correspond with the fiscal year. Premiums are billed to member school districts on a monthly basis.

GROWTH OF COMPANY

The table below shows the Trust's membership and earned premiums for each fiscal year of the examination period.

Fiscal Year	Member School Districts	Earned Premiums
2019-20	87	\$84,882,342
2020-21	87	94,283,433
2021-22	85	93,879,678
2022-23	82	90,965,122
2023-24	81	85,788,083

As shown above, the number of member school districts has had a slight downward trend since 2020-21. During this time period, premiums also decreased due to the reduction in member school districts and members selecting the lower premium options. As mentioned in the subsequent events section, the Trust anticipates a significant increase in districts and individuals covered in the 2025 fiscal year due to market dynamics.

Below is a yearly summary of the Trust's net position (surplus) for the examination period:

As of Date	Net Position (Surplus)
June 30, 2020	\$ 9,010,164
June 30, 2021	12,616,476
June 30, 2022	13,408,602
June 30, 2023	16,514,034
June 30, 2024	13,045,915

The large decline in surplus in the 2023-2024 fiscal year was due to a decrease in premium collections and an increased severity and frequency of claims. The loss ratio for this year was 100.2%. In comparison, the loss ratios for the other four years in the examination period were all below 95% ranging from 86.4% to 94.3%.

REINSURANCE

Assumed

The Trust does not assume any business.

Ceded

The Trust has had reinsurance coverage under the same policy since it was organized in July 2014 and was renewed July 1, 2023, continuing through June 30, 2024. This policy with Sun Life Assurance Company of Canada provides stop-loss coverage on an individual basis. Coverage terms and reinsurance premiums are renewed on an annual basis. The policy covers 100% of losses that exceed the Trust's deductible, which was \$400,000 per enrollee, per year, as of June 30, 2024. The policy was renewed with an effective date of July 1, 2024, and the retention was changed from \$400,000 to \$500,000. Eligible expenses under the contract will still include only those expenses incurred and paid within the contract year.

The Trust is contingently liable for all reinsurance losses ceded to others. This contingent liability would become an actual liability in the event that an assuming reinsurer fails to perform its obligations under the reinsurance agreement or policy.

ACCOUNTS AND RECORDS

Independent Accountants

The certified public accounting (CPA) firm, Conner Ash P.C (CA), in St. Louis, Missouri, performed audits of the Trust's financial statements for all years of the examination period. CA's workpapers for the audit of the June 30, 2024 financial statements were reviewed and used in the course of the examination as deemed appropriate.

External Actuary

The estimate of Trust's IBNR loss reserves for medical and pharmacy claims, as of June 30, 2024, was determined by Robert L Jordan, ASA, MAAA. Mr. Jordan is employed by the Healthcare Analytics Consulting unit of GBS.

FINANCIAL STATEMENTS

The following financial statements are based on the financial statements filed by MET with the Missouri Department of Commerce and Insurance and present the financial condition of the Trust for the period ending June 30, 2024. The accompanying "Comments on Financial Statement Items" section reflects any examination adjustments to the amounts reported and should be considered an integral part of the financial statements.

There may have been additional differences found in the course of this examination, which are not shown in the "Comments on Financial Statement Items" section. These differences were determined to be immaterial concerning their effect on the financial statements, and therefore, were only communicated to the Trust and noted in the workpapers for each individual financial statement item.

ASSETS
As of June 30, 2024

Investments at Fair Value	\$ 3,417,194
Cash and Cash Equivalents	15,964,726
Contributions Receivable	1,759,221
Prescription Drug Rebates Receivable	1,873,804
Reinsurance Recoverables	<u>213,002</u>
TOTAL ASSETS	<u>\$23,227,947</u>

LIABILITIES AND NET POSITION
As of June 30, 2024

Claims and Claims Expense Reserves	\$ 5,321,000
Claims Payable	3,307,146
Advance Contributions	476,538
Accounts Payable and Accrued Expenses	<u>1,077,348</u>
TOTAL LIABILITIES	\$10,182,032
NET POSITION (SURPLUS)	<u>\$13,045,915</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$23,227,947</u>

STATEMENT OF REVENUES AND EXPENSES AND CHANGE IN NET POSITION

For the Years Ended June 30, 2024 and June 30, 2023

	<u>2024</u>	<u>2023</u>
Member Contributions	\$85,788,083	\$90,965,122
Ceded Premiums	(4,698,509)	(5,036,491)
Prescription Drug Rebates	4,601,242	3,487,457
Investment Income	891,117	465,329
Other Income	<u>456,258</u>	<u>213,269</u>
Total Revenues	\$87,038,191	\$90,094,686
Claims and Claims Expenses	\$81,251,316	\$76,950,469
General and Administrative Expenses	<u>9,254,994</u>	<u>10,038,785</u>
Total Expenses	\$90,506,310	\$86,989,254
NET OPERATING INCOME	<u>\$(3,468,119)</u>	<u>\$3,105,432</u>
CHANGE IN NET POSITION	\$(3,468,119)	\$3,105,432
TOTAL NET POSITION, BEGINNING OF YEAR	<u>16,514,034</u>	<u>13,408,602</u>
TOTAL NET POSITION, END OF YEAR	<u>\$ 13,045,915</u>	<u>\$ 16,514,034</u>

COMMENTS ON FINANCIAL STATEMENT ITEMS

None.

EXAMINATION CHANGES

None.

GENERAL COMMENTS AND/OR RECOMMENDATIONS

None.

SUBSEQUENT EVENTS

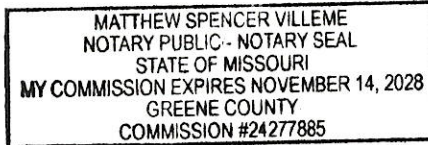
The Trust has seen a significant increase in membership since the examination date of June 30, 2024. It is anticipated that the Trust will add 16 new districts, and this will increase the individuals covered by about 3,000.

ACKNOWLEDGMENT

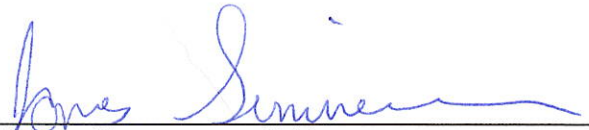
The assistance and cooperation extended by Missouri Educators' Trust and its administrator, Gallagher Benefit Services, Inc., during the course of this examination is hereby acknowledged and appreciated.

VERIFICATION

State of Missouri)
) SS
 County of Greene)

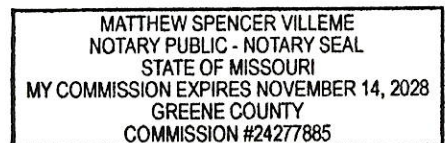


I, James Simmerman, on my oath swear that to the best of my knowledge and belief the above examination report is true and accurate and is comprised of only facts appearing upon the books, records or other documents of Missouri Educators Trust its agents or other persons examined or as ascertained from the testimony of its officers or agents or other persons examined concerning its affairs and such conclusions and recommendations as the examiners find reasonably warranted from the facts.


 James Simmerman, CFE
 Examiner-In-Charge
 Missouri Department of Commerce and Insurance

Sworn to and subscribed before me this 22 day of July, 2025.

My commission expires: November 14, 2028 Matthew Spencer Villeme
 Notary Public Matthew Spencer Villeme



SUPERVISION

The examination process has been monitored and supervised by the undersigned. The examination report and supporting workpapers have been reviewed and approved. Compliance with NAIC procedures and guidelines as contained in the *Financial Condition Examiners Handbook* has been confirmed, except where practices, procedures, and applicable regulations of the Missouri Department of Commerce and Insurance and statutes of the state of Missouri prevailed



Michael Shadowens, CFE
Assistant Chief Financial Examiner
Missouri Department of Commerce and
Insurance