



Multiple Employer Trust Application for Authorization

Applicant Name: _____

State of Domicile: _____

Home Office Address: _____

Contact Name: _____ Phone: _____

Federal ID Number: _____

Date Commenced Business: _____

Remit application to:

SOUTH DAKOTA DIVISION OF INSURANCE
124 S. Euclid Ave., 2nd Floor
Pierre, South Dakota 57501

Pursuant to SDCL §58-18-88 - §58-18-94 and ARSD Chapter 20:06:57, the South Dakota Division of Insurance requires the applicant to submit the documents and information listed below, to the Division to obtain approval for Authorization as a Multiple Employer Trust (“MET”). Please provide two copies of the following:

- _____ 1. Articles of incorporation, association, or other organizational documents and bylaws.
- _____ 2. Documentation of South Dakota not-for-profit status of association sponsoring the MET (unless a waiver is requested).
- _____ 3. Materials, agreements and or documents describing the rights and obligation of employers, employees, and beneficiaries participating in the MET.
- _____ 4. All current or proposed trust agreements and applications for South Dakota trust.
- _____ 5. A description of the activities of the association or group of employers on behalf of its members other than the sponsorship of the MET.

- _____ 6. Actuarial opinion prepared, signed and dated by a member of the Academy of Actuaries that includes:
 - _____ a. A statement that rates charged and reserves are sufficient to pay both (a) incurred claims, and (b) incurred but not reported claims, and (c) associated expenses for the MET.
 - _____ b. The MET has established and maintained appropriate loss and loss adjustment reserves and that adequate premiums are being charged and that the MET is operating in accordance with sound actuarial principles.
 - _____ c. Confirmation that the stop loss insurance policy is in force as required under ARSD 20:06:57:08.
 - _____ d. The MET has set premiums to fund at least 100 percent of the multiple employer trust's actuarially projected losses plus all other costs of the MET.

- _____ 7. Financial statements, current and five year projected. Financial statements should show the total for the MET as well as the portion allocated to each state, if a multi-state MET or MEWA. If currently operating, financial statement must be audited. The following items shall be included with the financial statement information.
 - _____ a. Balance Sheet, including a detailed listing of assets
 - _____ b. Income Statement
 - _____ c. Statement of Cash Flow
 - _____ d. Form 5500
 - _____ e. Form M-1
 - _____ f. Risk-Based Capital, projected if not currently operating

- _____ 8. Health benefit plan
 - _____ a. Copy of the policy/policies to be offered to consumers in the State
 - _____ b. Summary plan description
 - _____ c. Proposed advertising materials used in the solicitation employers which will participate in the health benefit plan.

- _____ 9. The contract with the company administering the MET. The MET must be administered by either an authorized insurer or a third-party administrator (TPA) licensed or registered with the South Dakota Division of Insurance.

- _____ 10. A statement that the association sponsoring the MET is composed of two or more members all of which are in a homogeneous trade, industry, line of business, or profession with commonality of interest. Also provide a description of the relationship among the employers that serves as the basis for the formation of the association or employer group.
- _____ 11. Business plan including the following information
- _____ a. Purpose of the MET.
 - _____ b. Listing of members of the association sponsoring the MET and those that are also in the MET currently, if applicable, with each member's number of covered lives in South Dakota.
 - _____ c. List and describe the general terms of the planned products and services to be offered.
 - _____ d. Explain if a TPA or an insurer authorized to do business in SD will be utilized and how they were selected.
 - _____ e. Explain what safeguards the MET will use to monitor and control any outside contractors or service providers that it will utilize.
 - _____ f. Explain how claims will be processed, including a detailed plan describing how the MET will handle claims in the event of dissolution.
 - _____ g. Explain sources of MET funding, how members will be assessed, and any limitations on assessments. Describe any sources of additional funding should it become necessary.
 - _____ h. Discuss investment policies.
 - _____ i. State who will be performing the audit functions for the MET.
 - _____ j. Describe the METs current and/or proposed accounting and internal control systems.
 - _____ k. Disclose any pledged assets or loans.
 - _____ l. Describe the economic forecast for the first five years of the plan. The plan should cover the most likely scenario and discuss possible economic downturns. Indicate any national, regional, or local economic factors that may affect the operations of the MET. Include an analysis of any anticipated changes in the market, the factors influencing those changes, and the effect they will have on the MET.

- _____ m. Describe the organizational structure and provide an organizational chart indicating the number of officers and employees. Describe the duties and responsibilities of the trustees and any senior officers. Describe any committees that are or will be established, if applicable.
- _____ n. Copies of all contracts or other instruments which the MET proposes to sell to or make with members.
- _____ o. Copy of the written complaint procedure for reviewing and resolving grievances from covered persons in accordance with SDCL Chapter 58-17I.
- _____ 12. Stop loss insurance policy

 - _____ a. A copy of the binder or stop loss insurance policy issued or to be issued by an insurer licensed in South Dakota.
 - _____ b. Policy provides coverage in excess of the MET's attachment point which is not greater than 120% of the MET's projected losses on a calendar year basis or five percent of annually expected claims.
 - _____ c. Policy contains a provision that the insurer may not terminate coverage unless the MET and the Director of Insurance receive a 90-day notice of termination prior to the effective date of termination.
- _____ 13. Multiple Employer Trust information which includes the following:

 - _____ a. A statement that the MET is established and maintained by a bona fide association of employers eligible to procure coverage under SDCL §§ 58-18-3 and 58-18-4.
 - _____ b. Evidence that the MET has been in existence and engaged in substantive activity for its members other than sponsorship of an employer welfare benefit plan.
 - _____ c. List of employers and employees who participate or will participate in the health benefit plan offered by the MET and a description of the relationship among the employers which serves as the basis for the formation of the association or employer group.
 - _____ d. A statement that the MET has applications for participation from two or more members which are employers and which have an aggregate of 500 or more participating employees.
 - _____ e. A statement that to the best of its knowledge the MET is in compliance with all applicable provisions of the Employee Retirement Income Security Act of 1974 (29 U.S.C. Section 1001 et seq.)

_____ f. A statement that the MET will provide a copy of the independent audit of their Form 5500 and any management letter issued by the independent auditor to the South Dakota Division of Insurance annually.

_____ 14. Board of Trustees

_____ a. Evidence to support that the Board of Trustees is composed of owners, partners, officers, directors, or employees of two or more of the participating employers.

_____ b. Evidence to support a statement that no member of the Board of Trustees is an owner, officer or employee, or a partner in, or contract administrator, or other service provider to the health benefit plan or of any TPA of the MET.

_____ c. A statement that no member of the Board of Trustees has been convicted of any felony or a Class I, II or III misdemeanor.

_____ d. Documents containing provisions that the Board of Trustees shall be:

_____ i. A fiduciary of the trust.

_____ ii. The plan administrator for all operations of the health benefit plan.

_____ iii. Responsible for implementing and carrying out rules of operation and financial control of the MET based on an annual plan of operation adequate to carry out terms of the MET, and to meet all requirements of the State of South Dakota and all other approved jurisdictions.

_____ iv. Authorized to assess the participating employers an amount necessary to remedy any deficiency if the assets of the MET and stop-loss insurance policy issued to the MET are at any time insufficient to pay claims made against the MET, or to discharge liabilities and obligations relating to the claims of the MET, or maintain adequate reserves and surpluses.

_____ v. Responsible for implementing a process to verify members have participated for a minimum of three years.

_____ 15. A statement that participating employers who voluntarily terminate participation in the MET or who are involuntarily terminated by the MET remain liable for all contractual obligations entered into with the MET on or before the date of termination.

- _____ 16. A copy of the contract showing reasonable fees or assessments for early departure (less than 3 consecutive calendar years) or for enrollment in another MET during the early departure date.
- _____ 17. All contracts, policies, applications, and certificates issued by a multiple employer trust to participating employers and employees shall include the following:
- _____ a. Disclosures in ten-point or greater type must be included on the front page of each policy, application, and certificate issued by the MET to participating employers and employees:
 - _____ i. Not subject to all state laws and regulations that apply to health insurance offered by a licensed insurer in South Dakota.
 - _____ ii. Not covered by the South Dakota Life and Health Insurance Guaranty Association.
 - _____ iii. Your participation makes you subject to participating employer assessments for health plan costs.
 - _____ iv. Members must be in the plan for a minimum of three years.
- _____ 18. In addition to the information above, an association not formed in South Dakota which is seeking a waiver must include the following information:
- _____ a. A narrative statement describing the association's activities and reasons a waiver should be granted;
 - _____ b. A certification attesting that the association is in full compliance with the laws of all the states where the association does business and a listing of those states.
 - _____ c. A certification attesting that the association and all health plans sponsored by the association are in full compliance with the laws of all states where the association does business.

The foregoing is a true and accurate representation of this entity. I agree to notify the South Dakota Division of Insurance of any changes pertaining to the above required information within thirty (30) days. I agree to provide any additional information as may be necessary, as determined by the Director, to complete this application.

Date

Signature

Title