

Inter University Council - Insurance
Consortium
Regular Audit

As of and for the Years Ended
June 30, 2023 and 2022

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Board of Governors
Inter University Council - Insurance Consortium
10 West Broad Street, 4th Floor
Columbus, Ohio 43215

We have reviewed the *Independent Auditor's Report* of the Inter University Council - Insurance Consortium, Franklin County, prepared by Rea & Associates, Inc., for the audit period July 1, 2022 through June 30, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Inter University Council - Insurance Consortium is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

February 15, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Governors
Inter University Council – Insurance Consortium

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Inter University Council – Insurance Consortium (the Consortium) which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Consortium as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Consortium and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Consortium's ability to continue as a going concern for one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consortium's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Consortium's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding , among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary financial information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary financial information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2023 on our consideration of the Consortium's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Consortium's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Consortium's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Rea & Associates, Inc.
Dublin, Ohio
December 28, 2023

INTER UNIVERSITY COUNCIL - INSURANCE CONSORTIUM

STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2023 AND 2022

ASSETS

	<u>2023</u>	<u>2022</u>
CASH AND CASH EQUIVALENTS	\$ 6,770,047	\$ 8,189,185
INVESTMENTS AT FAIR VALUE	8,792,441	8,441,610
OTHER ASSETS:		
Premiums receivable	-	4,749
Penalty payback receivables	1,210,720	421,414
Member payback receivables	30,262	30,544
Member automobile physical damage receivable	220,144	183,486
Other receivables	200	200
Prepaid expenses	103,933	171,258
Deposit with claims administrator	25,000	25,000
Total other assets	<u>1,590,259</u>	<u>836,651</u>
Total assets	<u>\$ 17,152,747</u>	<u>\$ 17,467,446</u>

LIABILITIES AND NET ASSETS

LIABILITIES:		
Reserve for losses and loss adjustment expenses	\$ 12,795,793	\$ 11,085,054
Accounts payable	12,067	31,507
Brokerage fees and other payables	32,345	50,000
Member loss control funds payable	858,375	900,086
Accrued expenses	370,560	290,108
Total liabilities	<u>14,069,140</u>	<u>12,356,755</u>
NET ASSETS:		
Contributed equity	4,500,000	4,500,000
Accumulated net assets	(1,416,393)	610,691
Total net assets	<u>3,083,607</u>	<u>5,110,691</u>
Total liabilities and net assets	<u>\$ 17,152,747</u>	<u>\$ 17,467,446</u>

The accompanying notes are an integral part of these financial statements.

INTER UNIVERSITY COUNCIL - INSURANCE CONSORTIUM

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Property Pool	Casualty Pool	TOTAL
	<u> </u>	<u> </u>	<u> </u>
UNDERWRITING INCOME:			
Reinsurance and group purchase deposits	\$ 10,541,951	\$ 9,309,968	\$ 19,851,919
Premiums written - pool funding	1,209,000	2,439,194	3,648,194
Pool penalties	273,122	777,708	1,050,830
Brokerage fee revenues	155,000	413,800	568,800
Expense recoveries	29,873	286,672	316,545
Engineering cost deposits	48,075	-	48,075
Administrative costs reimbursements	-	255,690	255,690
RMIS reimbursements	-	58,978	58,978
Claim handling and administration	-	5,550	5,550
	<u>12,257,021</u>	<u>13,547,560</u>	<u>25,804,581</u>
UNDERWRITING EXPENSES:			
Reinsurance and group purchase payments	10,549,579	7,505,040	18,054,619
Pool loss and expense payments	910,402	6,183,302	7,093,704
Brokerage fee expenses	150,000	399,330	549,330
Engineering costs	137,927	-	137,927
RMIS fees	-	58,957	58,957
Change in actuarially determined reserve	1,029,242	681,495	1,710,737
	<u>12,777,150</u>	<u>14,828,124</u>	<u>27,605,274</u>
Net underwriting income (loss)	(520,129)	(1,280,564)	(1,800,693)
General and administrative expenses	285,322	431,157	716,479
Net operating income (loss)	<u>(805,451)</u>	<u>(1,711,721)</u>	<u>(2,517,172)</u>
Investment return, net	-	490,088	490,088
Change in net assets	<u>\$ (805,451)</u>	<u>\$ (1,221,633)</u>	<u>\$ (2,027,084)</u>

The accompanying notes are an integral part of these financial statements.

INTER UNIVERSITY COUNCIL - INSURANCE CONSORTIUM

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Property Pool	Casualty Pool	TOTAL
	<u> </u>	<u> </u>	<u> </u>
UNDERWRITING INCOME:			
Reinsurance and group purchase deposits	\$ 6,911,853	\$ 6,271,010	\$ 13,182,863
Premiums written - pool funding	1,220,000	1,574,046	2,794,046
Expense recoveries	9,500	251,500	261,000
Brokerage fee revenues	150,000	440,000	590,000
Engineering cost deposits	287,732	-	287,732
Pool penalties	124,505	82,598	207,103
Administrative costs reimbursements	27,927	252,000	279,927
RMIS reimbursements	-	58,340	58,340
Claim handling and administration	-	5,550	5,550
	<u>8,731,517</u>	<u>8,935,044</u>	<u>17,666,561</u>
UNDERWRITING EXPENSES:			
Reinsurance and group purchase payments	6,911,853	6,174,731	13,086,584
Pool loss and expense payments	415,018	401,967	816,985
Brokerage fee expenses	188,784	471,055	659,839
Engineering costs	236,987	-	236,987
RMIS fees	-	57,800	57,800
Change in actuarially determined reserve	-	5,273,306	5,273,306
	<u>7,752,642</u>	<u>12,378,859</u>	<u>20,131,501</u>
Net underwriting income (loss)	978,875	(3,443,815)	(2,464,940)
General and administrative expenses	129,221	402,069	531,290
	<u>849,654</u>	<u>(3,845,884)</u>	<u>(2,996,230)</u>
Net operating income (loss)	849,654	(3,845,884)	(2,996,230)
Investment return, net	-	(1,034,875)	(1,034,875)
	<u> </u>	<u> </u>	<u> </u>
Change in net assets	<u>\$ 849,654</u>	<u>\$ (4,880,759)</u>	<u>\$ (4,031,105)</u>

The accompanying notes are an integral part of these financial statements.

INTER UNIVERSITY COUNCIL - INSURANCE CONSORTIUM

STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	Contributed Equity	Accumulated Net Assets	Total
Balance, July 1, 2021	\$ 4,500,000	\$ 4,641,796	\$ 9,141,796
Change in net assets	-	(4,031,105)	(4,031,105)
Balance, June 30, 2022	4,500,000	610,691	5,110,691
Change in net assets	-	(2,027,084)	(2,027,084)
Balance, June 30, 2023	<u>\$ 4,500,000</u>	<u>\$ (1,416,393)</u>	<u>\$ 3,083,607</u>
Balance as of June 30, 2023 consists of:			
Property pool			\$ 1,616,548
Casualty pool			1,467,059
			<u>\$ 3,083,607</u>

The accompanying notes are an integral part of these financial statements.

INTER UNIVERSITY COUNCIL - INSURANCE CONSORTIUM

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (2,027,084)	\$ (4,031,105)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Realized loss (gain) on investments, net	397,169	1,222,529
Changes in operating assets and liabilities:		
Penalty payback receivables	(789,306)	286,625
Premiums receivable	4,749	8,106
Member payback receivables	282	(14,953)
Member automobile physical damage receivable	(36,658)	9,830
Other receivables	-	-
Prepaid expenses	67,325	(163,907)
Reserve for losses and loss adjustment expenses	1,710,739	5,273,306
Accounts payable	43,574	31,507
Brokerage fees and other payables	(17,655)	-
Member loss control funds payable	(41,711)	75,725
Accrued expenses	80,452	169,256
	(608,124)	2,866,919
Net cash provided by (from) operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cost of investments	(1,248,000)	(590,907)
Proceeds from sale of investments	436,986	500,000
	(811,014)	(90,907)
Net cash from investing activities		
Net increase (decrease) in cash and cash equivalents	(1,419,138)	2,776,012
CASH AND CASH EQUIVALENTS, beginning of year	8,189,185	5,413,173
CASH AND CASH EQUIVALENTS, end of year	\$ 6,770,047	\$ 8,189,185

The accompanying notes are an integral part of these financial statements.

INTER UNIVERSITY COUNCIL – INSURANCE CONSORTIUM

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Inter University Council - Insurance Consortium (the Consortium) is a self-insurance group property and casualty program (the Pool). The program was formed in 1994 to provide property insurance to Ohio four-year public universities (Members). A group casualty program was formed in 1999 and formalized with by-laws and a signed participation agreement in 2006. In 2015, the Consortium incorporated as a nonprofit corporation.

Basis of Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting in conformity with U.S. generally accepted accounting principles (GAAP).

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Revenue Recognition

Premiums are recognized as revenue on a pro-rata basis over the policy term. Underwriting income and expense also includes various elements of engineering costs and administrator and consulting fees collected from Members and paid to vendors.

Cash and Cash Equivalents

The Consortium considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents includes the Huntington checking and savings accounts and the Charles Schwab bank sweep and money market fund.

Investments

Investments consist principally of a multi-asset pooled investment fund and mutual funds, which are classified as equity securities. These equity securities are carried at fair value with net valuation changes reflected in net income.

Realized gains and losses on disposal of investments are determined by the specific identification method.

Investments in money market funds are reflected in the caption “Cash and cash equivalents” in the accompanying statements of financial position.

Inter-Pool Transfers

The Consortium utilizes an inter-pool transfer technique that represents cash amounts transferred between the Property Pool and the Casualty Pool throughout the years ended June 30, 2023 and 2022, respectively, resulting in intercompany receivables and payables that are netted. These cash transfers did not impact the combined cash and investment balance specifically allocated to the Members.

INTER UNIVERSITY COUNCIL – INSURANCE CONSORTIUM

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Penalty Payback Receivables

Members of the Consortium who have a claim paid by the Pool are charged a portion of that claim as a penalty. This is in lieu of a premium increase. The penalty amount for the Property Pool is calculated as 30% of the amount of the claim paid between the \$100,000 Member deductible and \$500,000 and is paid back to the Pool over a 3 year period. For catastrophic property claims, 5% of total loss between \$500,000 and \$1,000,000 is paid back to the Pool over a 3 year period. The penalty amount for the Casualty Pool is calculated as 30% of the amount of the claim paid between the \$100,000 Member deductible and \$350,000 and an additional 5% penalty is assessed on the amount of the claim paid between \$350,000 and \$1,500,000. Penalties are paid back to the Pool over a 3 year period.

Member Automobile Physical Damage Receivable

Members of the Consortium who have a claim paid by the Pool are charged the claim. Claims are paid back to the Pool based on a three year rolling average.

Other Receivables

Other receivables consists of amounts that are covered under the \$100,000 deductible and will be reimbursed by the Members when the claim is settled.

Reserve for Losses and Loss Adjustment Expenses

Losses and loss adjustment expenses includes an amount determined based on loss history and expected exposure. The liability is determined by management based upon analyses prepared by the Consortium's actuary. Such liabilities are based on estimates and, while management believes that the amount is adequate, the ultimate liability may be in excess or less than the amounts provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in earnings currently.

Loss Adjustment Expenses

A significant portion of the general liability and educators' legal liability loss adjustment expenses of the Members include outside special counsel (if appointed by the Ohio Attorney General Office), third-party administrator costs, and other claim expenses.

Federal Income Taxes

The Consortium is incorporated as a nonprofit corporation. The Consortium does not qualify for tax-exempt status. The Consortium files Form 1120, U.S. Corporation Income Tax Return. Under section 115(1) of the Internal Revenue Code (the Code), income of an organization formed, operated, and funded by states and its political subdivisions to pool their insurance risks is excluded from gross income for purposes of filing a Federal income tax return. In addition, income of a fund to pool the temporary investments of the states and its political subdivisions is excludable from gross income under section 115(1) of the Code. All of the Consortium's income is excluded from gross income under section 115(1) of the Code. Therefore, the Consortium does not provide for the tax effects of transactions reported in the financial statements.

The Consortium's federal income tax returns for 2022, 2021, and 2020 remain subject to examination by the Internal Revenue Service (IRS). As of the date of this report, management has no knowledge of material modifications from the IRS.

INTER UNIVERSITY COUNCIL – INSURANCE CONSORTIUM

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The Consortium evaluated subsequent events through December 28, 2023, the date these financial statements were available to be issued.

NOTE 2: POOL CONTRIBUTIONS

Pool contributions are actuarially determined at a 70% confidence level and billings are determined based on funding requirements allocated to each Member based on loss history and expected exposure for the year that insurance coverage is provided. Pool contributions also take into account pool penalties and paybacks.

NOTE 3: EXCESS INSURANCE

The Consortium retains the first \$1,500,000 of liability risk. The Consortium procures reinsurance and excess coverage through commercial insurance carriers. The limits provided by the liability carriers above the Consortium’s retentions varies by member at \$35 million, \$40 million, or \$50 million of general, automobile, and educators’ legal liability.

During the year ended June 30, 2023, the Consortium retained the first \$400,000 of all covered property risk. During the year ended June 30, 2022, the Consortium retained the first \$350,000 - \$900,000 of all covered property risk with the exception of \$1,000,000 associated with catastrophic storm risk (flood, earthquake, hurricane and wind/hail/rain damage from convective storms). The Consortium procures property insurance coverage above the Consortium’s retention in limits of \$1,000,000,000 and \$1,483,750,000 per occurrence for the years ended June 30, 2023 and 2022, respectively.

NOTE 4: INVESTMENTS

The following is a summary of investments in securities held at June 30, 2023 and 2022:

	June 30, 2023		
	Cost	Net Valuation Gains (Losses)	Estimated Fair Value
Pooled investment fund	\$ 3,913,688	\$ 292,926	\$ 4,206,614
Mutual funds	4,970,003	(384,176)	4,585,827
Total	\$ 8,883,691	\$ (91,250)	\$ 8,792,441

INTER UNIVERSITY COUNCIL – INSURANCE CONSORTIUM

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4: INVESTMENTS (CONTINUED)

	June 30, 2022		
	Cost	Net Valuation Gains (Losses)	Estimated Fair Value
Pooled investment fund	\$ 4,566,935	\$ (711,473)	\$ 3,855,462
Mutual funds	4,590,125	(3,977)	4,586,148
Total	\$ 9,157,060	\$ (715,450)	\$ 8,441,610

Investment income, net of expenses, for each of the years ended June 30 was:

	2023	2022
Realized (losses) gains, net	\$ 397,169	\$ (1,222,529)
Interest and dividends, net	142,903	255,350
Investment expense	(49,984)	(67,696)
Total net investment return	\$ 490,088	\$ (1,034,875)

Net realized (losses) gains on investments by asset type and by transaction type is summarized below for each of the years ended June 30:

	2023	2022
Asset type:		
Equity Securities:		
Pooled investment fund	\$ 397,169	\$ (663,378)
Mutual funds	-	(559,151)
Realized (losses) gains, net	\$ 397,169	\$ (1,222,529)
Transaction type:		
Sales	\$ 397,169	\$ 188,730
Net valuation gains on equity securities	-	(1,411,259)
Realized (losses) gains, net	\$ 397,169	\$ (1,222,529)

NOTE 5: FAIR VALUE MEASUREMENTS

GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. It applies to fair value measurements already required or permitted by existing standards. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under GAAP are described as follows:

INTER UNIVERSITY COUNCIL – INSURANCE CONSORTIUM

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5: FAIR VALUE MEASUREMENTS (CONTINUED)

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Consortium has the ability to access.

Level 2 Quoted prices for similar assets or liabilities in active markets or quoted prices for identical or similar assets or liabilities in inactive markets. Level 2 inputs include those other than quoted prices that are observable for the asset or liability and that are derived principally from, or corroborated by, observable market data by correlation or other means. If the asset or liability has a specified term the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023 and 2022.

Mutual funds - Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Multi-asset pooled investment fund - Valued at the NAV per unit based on quoted market prices of the underlying investments. The NAV is used as a practical expedient to estimate fair value and is based on the fair value of the underlying investments held by the account.

Money funds and other - Valued with independent pricing services using observable inputs.

Money market funds – Valued with independent pricing services using observable inputs.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Consortium believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

INTER UNIVERSITY COUNCIL – INSURANCE CONSORTIUM

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5: FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, the Consortium’s assets at fair value as of June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money funds and other	\$ -	\$ 5,992	\$ -	\$ 5,992
Mutual funds	4,585,827	-	-	4,585,827
Money market funds	<u>1,626,530</u>	<u>-</u>	<u>-</u>	<u>1,626,530</u>
Total assets in the fair value hierarchy	6,212,357	5,992	-	6,218,349
Investments measured using NAV as a practical expedient (a):				
Multi-asset pooled investment fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,206,614</u>
Total assets at fair value	<u>\$ 6,212,357</u>	<u>\$ 5,992</u>	<u>\$ -</u>	<u>\$ 10,424,963</u>

- (a) In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of net assets available for benefits.

The following table sets forth by level, within the fair value hierarchy, the Consortium’s assets at fair value as of June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money funds and other	\$ -	\$ 335,770	\$ -	\$ 335,770
Mutual funds	4,586,148	-	-	4,586,148
Money market funds	<u>1,250,414</u>	<u>-</u>	<u>-</u>	<u>1,250,414</u>
Total assets in the fair value hierarchy	5,836,562	335,770	-	6,172,332
Investments measured using NAV as a practical expedient (a):				
Multi-asset pooled investment fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,855,462</u>
Total assets at fair value	<u>\$ 5,836,562</u>	<u>\$ 335,770</u>	<u>\$ -</u>	<u>\$ 10,027,794</u>

For investments that have quoted market prices in active markets, the Consortium uses the quoted market prices as fair value and includes these prices in the amounts disclosed in Level 1 of the hierarchy. The Consortium receives the quoted market prices from an independent investment custodian. When quoted market prices are unavailable, the Consortium determines an estimate of fair value and these prices are included in the amounts disclosed in Level 2 of the hierarchy. The Consortium validates the prices received by examining their reasonableness.

INTER UNIVERSITY COUNCIL – INSURANCE CONSORTIUM

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5: FAIR VALUE MEASUREMENTS (CONTINUED)

Investments Measured Using the Net Asset Value per Share Practical Expedient

The following table summarizes investments for which fair value is measured using NAV per share practical expedient as of June 30, 2023 and 2022, respectively:

<u>June 30, 2023</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Pooled separate Accounts	\$ 4,206,614	N/A	Daily	None

<u>June 30, 2022</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Pooled separate Accounts	\$ 3,855,462	N/A	Daily	None

NOTE 6: CONTRIBUTED EQUITY

The insurance pooling agreement among the Members of the Consortium provides for initial, annual and interim contributions designed to fund expected claim payment requirements. In previous fiscal years, contributions have increased the excess reserve to \$4.5 million, which is the desired level of equity designated as contributed equity by Members to meet the requirements of the Pool’s excess insurers, calculated at five times the Pool’s \$900,000 claim retention at the time established.

The following is a schedule of contributed equity by Members as of June 30, 2023 and 2022, which represents each Member’s initial funding:

Member:		
Bowling Green State University	\$	415,184
Central State University		61,440
Cleveland State University		205,878
Kent State University		508,566
Miami University		503,519
NEOMED		22,619
Ohio University		659,826
Shawnee State University		66,535
University of Akron		373,110
University of Cincinnati		808,406
University of Toledo		389,052
Wright State University		288,809
Youngstown State University		<u>197,056</u>
Total	\$	<u>4,500,000</u>

INTER UNIVERSITY COUNCIL – INSURANCE CONSORTIUM

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7: CONCENTRATION OF CREDIT RISK

At June 30, 2023 and 2022, the Consortium had deposits with financial institutions in excess of federally insured limits.

NOTE 8: ACTUARIAL MATTERS

The Consortium’s outside actuarial studies of the Casualty Pool performed as of March 31, 2023 included estimated pending outstanding loss liabilities in the Pool layer for events that have occurred through June 30, 2023.

An analysis of the Casualty Pool reserve for losses and loss adjustment expenses is as follows:

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	\$ 11,085,054	\$ 5,811,748
Incurred	7,093,704	6,971,945
Paid	<u>(5,382,965)</u>	<u>(1,698,639)</u>
Balance at end of year	<u>\$ 12,795,793</u>	<u>\$ 11,085,054</u>

NOTE 9: MEMBER LOSS CONTROL FUNDS PAYABLE

An analysis of the Member loss control funds payable is as follows:

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	\$ 900,086	\$ 824,361
Deposits	165,000	165,000
Disbursements	<u>(206,711)</u>	<u>(89,275)</u>
Balance at end of year	<u>\$ 858,375</u>	<u>\$ 900,086</u>

INTER UNIVERSITY COUNCIL – INSURANCE CONSORTIUM

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10: CONTINGENCIES

The Consortium is involved in various legal proceedings and claims arising in the course of business. The Consortium is not able to make a meaningful estimate of the amount or range of loss that could result from unfavorable resolutions of these matters. Consequently, the Consortium has not provided any accruals for these contingencies in the financial statements. However, because these legal proceedings are subject to inherent uncertainties and the outcome of such matters cannot be predicted with reasonable certainty, there can be no assurance that any one or more of these matters will not have a material adverse effect on our financial condition, results of operations and/or liquidity.

During the year June 30, 2021, certain Consortium Members were named in several class action lawsuits related to claims arising at certain Member universities. Consequently, the Consortium's Members could be, to a significant degree, without insurance for the amounts of these claims that exceed the Consortium's coverage, excess coverage and reinsurance. Therefore, the financial condition and change in net assets of the Consortium in future periods could be adversely affected if uninsured losses in excess of amounts provided were to be incurred.

Although at any point in time the Consortium has a number of pending claims arising in the ordinary course of business there were no payments made during 2023 or 2022 in settlement of any "bad faith" lawsuits.

INTER UNIVERSITY COUNCIL - INSURANCE CONSORTIUM

SCHEDULE OF CASH AND INVESTMENT ACTIVITY BY MEMBER
FOR THE YEAR ENDED JUNE 30, 2023

	Beginning Balance	Additions	Deductions	Ending Balance
PROPERTY POOL				
Member:				
Bowling Green State University	\$ 138,320	\$ 882,865	\$ (862,175)	\$ 159,010
Central State University	(75,355)	169,653	(177,478)	(83,180)
Cleveland State University	(39,484)	677,218	(698,803)	(61,069)
Kent State University	232,674	1,522,800	(1,464,267)	291,207
Miami University	438,199	1,444,830	(1,413,255)	469,774
NEOMED	(212,367)	193,408	(205,170)	(224,129)
Ohio University	447,004	1,440,118	(1,415,100)	472,022
Shawnee State University	11,786	106,070	(120,244)	(2,388)
University of Akron	396,688	1,110,891	(1,075,623)	431,956
University of Cincinnati	260,740	2,384,637	(2,466,386)	178,991
University of Toledo	215,728	1,335,041	(1,307,825)	242,944
Wright State University	77,309	615,073	(561,723)	130,659
Youngstown State University	129,443	486,647	(485,253)	130,837
Inter-pool transfer	(2,020,685)	4,064,822	(4,180,771)	(2,136,634)
Total property pool	\$ -	\$ 16,434,073	\$(16,434,073)	\$ -
CASUALTY POOL				
Member:				
Bowling Green State University	\$ 1,454,570	\$ 991,875	\$ (1,123,589)	\$ 1,322,856
Central State University	290,537	222,243	(309,288)	203,492
Cleveland State University	713,448	809,039	(833,589)	688,898
Kent State University	1,706,771	1,699,922	(1,750,183)	1,656,510
Miami University	1,387,800	1,483,155	(1,606,337)	1,264,618
NEOMED	114,996	244,685	(234,410)	125,271
Ohio University	2,189,222	2,183,168	(2,382,030)	1,990,360
Shawnee State University	183,561	229,860	(256,571)	156,850
University of Akron	1,319,654	1,131,937	(1,219,563)	1,232,028
University of Cincinnati	2,240,531	2,532,650	(2,935,730)	1,837,451
University of Toledo	1,269,644	1,325,461	(1,395,526)	1,199,579
Wright State University	1,114,166	848,650	(859,560)	1,103,256
Youngstown State University	663,210	653,146	(646,671)	669,685
Inter-pool transfer	2,020,685	4,180,769	(4,064,820)	2,136,634
Administrative & other (1)	(38,000)	21,643,145	(21,630,145)	(25,000)
Total casualty pool	\$ 16,630,795	\$ 40,179,705	\$(41,248,012)	\$ 15,562,488

	Beginning Balance	Additions	Deductions	Ending Balance
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL				
Member:				
Bowling Green State University	\$ 1,592,890	\$ 1,874,740	\$ (1,985,764)	\$ 1,481,866
Central State University	215,182	391,896	(486,766)	120,312
Cleveland State University	673,964	1,486,257	(1,532,392)	627,829
Kent State University	1,939,445	3,222,722	(3,214,450)	1,947,717
Miami University	1,825,999	2,927,985	(3,019,592)	1,734,392
NEOMED	(97,371)	438,093	(439,580)	(98,858)
Ohio University	2,636,226	3,623,286	(3,797,130)	2,462,382
Shawnee State University	195,347	335,930	(376,815)	154,462
University of Akron	1,716,342	2,242,828	(2,295,186)	1,663,984
University of Cincinnati	2,501,271	4,917,287	(5,402,116)	2,016,442
University of Toledo	1,485,372	2,660,502	(2,703,351)	1,442,523
Wright State University	1,191,475	1,463,723	(1,421,283)	1,233,915
Youngstown State University	792,653	1,139,793	(1,131,924)	800,522
Administrative & other (1)	(38,000)	21,643,145	(21,630,145)	(25,000)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 16,630,795</u>	<u>\$ 48,368,187</u>	<u>\$(49,436,494)</u>	<u>\$ 15,562,488</u>

(1) Trust deposit with Carl Warren & Company - Casualty Pool claims administrator

INTER UNIVERSITY COUNCIL - INSURANCE CONSORTIUM

SCHEDULE OF REINSURANCE AND GROUP PURCHASE REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Property Pool</u>	<u>Casualty Pool</u>	<u>TOTAL</u>
REINSURANCE AND GROUP PURCHASE REVENUES:			
Premiums written - excess	\$ 10,181,999	\$ -	\$ 10,181,999
Reinsurance premiums collected	-	4,198,662	4,198,662
Excess premiums:			
United Educators GLX & ELX	-	2,363,247	2,363,247
Other group purchase premiums:			
Cyber	-	1,650,350	1,650,350
Group pollution	-	67,373	67,373
Medical malpractice	-	433,652	433,652
Special accident	-	26,798	26,798
Fiduciary	-	212,018	212,018
Crime	-	171,098	171,098
Foreign liability	-	17,984	17,984
International SOS	-	100,081	100,081
Ancillary placement	-	-	-
Excess social engineering	-	68,705	68,705
Terrorism	150,434	-	150,434
Fine arts	209,518	-	209,518
Total reinsurance and group purchase revenues	<u>\$ 10,541,951</u>	<u>\$ 9,309,968</u>	<u>\$ 19,851,919</u>
REINSURANCE AND GROUP PURCHASE EXPENSES:			
Risk transfer	\$ 10,189,627	\$ -	\$ 10,189,627
Reinsurance premiums collected	-	2,393,734	2,393,734
Excess premiums	-	2,363,247	2,363,247
Other group purchase premiums:			
Cyber	-	1,650,350	1,650,350
Group pollution	-	67,373	67,373
Medical malpractice	-	433,652	433,652
Special accident	-	26,798	26,798
Fiduciary	-	212,018	212,018
Crime	-	171,098	171,098
Foreign liability	-	17,984	17,984
International SOS	-	100,081	100,081
Excess social engineering	-	68,705	68,705
Terrorism	209,518	-	209,518
Fine arts	150,434	-	150,434
Total reinsurance and group purchase expenses	<u>\$ 10,549,579</u>	<u>\$ 7,505,040</u>	<u>\$ 18,054,619</u>

INTER UNIVERSITY COUNCIL - INSURANCE CONSORTIUM
SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES
AND BROKERAGE FEE REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Property Pool</u>	<u>Casualty Pool</u>	<u>TOTAL</u>
GENERAL AND ADMINISTRATIVE EXPENSES:			
Consortium office	\$ 34,678	\$ 310,500	\$ 345,178
Actuarial fees	-	47,150	47,150
Audit fees	-	30,073	30,073
Accounting services	-	24,489	24,489
Captive feasibility study	-	-	-
Miscellaneous	-	-	-
TPA administration fees	-	5,550	5,550
Legal fees	250,644	8,637	259,281
Memberships	-	2,873	2,873
Bank fees	-	1,885	1,885
	<u>\$ 285,322</u>	<u>\$ 431,157</u>	<u>\$ 716,479</u>
BROKERAGE FEE REVENUES:			
Brokerage fee revenues	\$ 155,000	\$ 413,800	\$ 568,800
	<u>\$ 155,000</u>	<u>\$ 413,800</u>	<u>\$ 568,800</u>
BROKERAGE FEE EXPENSES:			
Marsh	\$ 150,000	\$ 48,800	\$ 198,800
Lockton	-	90,000	90,000
Gallagher	-	260,530	260,530
	<u>\$ 150,000</u>	<u>\$ 399,330</u>	<u>\$ 549,330</u>

INTER UNIVERSITY COUNCIL - INSURANCE CONSORTIUM

SCHEDULE OF PENALTY PAYBACK RECEIVABLES
AS OF JUNE 30, 2023

	<u>Property Pool</u>	<u>Casualty Pool</u>	<u>TOTAL</u>
Member:			
Bowling Green State University	\$ 29,055	\$ 61,565	\$ 90,620
Central State University	5,054	9,893	14,947
Cleveland State University	21,136	44,839	65,975
Kent State University	49,753	102,737	152,490
Miami University	50,127	86,087	136,214
NEOMED	4,913	4,862	9,775
Ohio University	40,980	120,567	161,547
Shawnee State University	3,941	9,334	13,275
University of Akron	33,826	67,324	101,150
University of Cincinnati	70,454	149,142	219,596
University of Toledo	48,672	79,530	128,202
Wright State University	20,501	44,202	64,703
Youngstown State University	15,611	36,615	52,226
	<u>\$ 394,023</u>	<u>\$ 816,697</u>	<u>\$ 1,210,720</u>
Total penalty payback receivables	<u>\$ 394,023</u>	<u>\$ 816,697</u>	<u>\$ 1,210,720</u>

INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Governors
Inter University Council – Insurance Consortium

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Inter University Council - Insurance Consortium (the Consortium), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Consortium's financial statements, and have issued our report thereon dated December 28, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Consortium's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Consortium's internal control. Accordingly, we do not express an opinion on the effectiveness of the Consortium's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Consortium's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rea & Associates, Inc.

Rea & Associates, Inc.
Dublin, Ohio
December 28, 2023

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OHIO AUDITOR OF STATE KEITH FABER



INTER-UNIVERSITY COUNCIL OF OHIO INSURANCE CONSORTIUM

FRANKLIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 2/27/2024

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov