

Inter University Council - Insurance Consortium

Regular Audit

As of and for the Years Ended
June 30, 2024 and 2023



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Board of Governors
Inter-University Council - Insurance Consortium
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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, 2023 through June 30, 2024. 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.

Keith Faber
Auditor of State
Columbus, Ohio

January 13, 2025

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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, 2024 and 2023, 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, 2024 and 2023, 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 2, 2024 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 2, 2024

INTER UNIVERSITY COUNCIL - INSURANCE CONSORTIUM

STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2024 AND 2023

ASSETS

	2024	2023
CASH AND CASH EQUIVALENTS	\$ 10,335,624	\$ 6,770,047
INVESTMENTS AT FAIR VALUE	9,493,411	8,792,441
OTHER ASSETS:		
Penalty payback receivables	1,285,719	1,210,720
Member payback receivables	24,804	30,262
Member automobile physical damage receivable	219,711	220,144
Other receivables	14,227	200
Prepaid expenses	564,902	103,933
Deposit with claims administrator	25,000	25,000
Total other assets	2,134,363	1,590,259
Total assets	\$ 21,963,398	\$ 17,152,747

LIABILITIES AND NET ASSETS

LIABILITIES:		
Reserve for losses and loss adjustment expenses	\$ 14,488,174	\$ 12,795,793
Accounts payable	1,292	12,067
Brokerage fees and other payables	50,000	32,345
Member loss control funds payable	932,245	858,375
Accrued expenses	89,548	370,560
Total liabilities	15,561,259	14,069,140
NET ASSETS:		
Contributed equity	4,500,000	4,500,000
Accumulated net assets	1,902,139	(1,416,393)
Total net assets	6,402,139	3,083,607
Total liabilities and net assets	\$ 21,963,398	\$ 17,152,747

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, 2024

	Property Pool	Casualty Pool	TOTAL
UNDERWRITING INCOME:			
Reinsurance and group purchase deposits	\$ 12,900,042	\$ 8,193,499	\$ 21,093,541
Premiums written - pool funding	3,199,613	2,889,745	6,089,358
Pool penalties	272,759	550,515	823,274
Brokerage fee revenues	165,000	407,676	572,676
Expense recoveries	50,638	473,211	523,849
Engineering cost deposits	103,135	-	103,135
Administrative costs reimbursements	-	476,500	476,500
RMIS reimbursements	-	60,725	60,725
Claim handling and administration	-	5,750	5,750
Total underwriting income	16,691,187	13,057,621	29,748,808
UNDERWRITING EXPENSES:			
Reinsurance and group purchase payments	12,892,415	8,187,054	21,079,469
Pool loss and expense payments	909,210	2,683,926	3,593,136
Brokerage fee expenses	149,192	326,245	475,437
Engineering costs	62,550	-	62,550
RMIS fees	-	60,725	60,725
Change in actuarially determined reserve	1,958,817	(266,436)	1,692,381
Total underwriting expenses	15,972,184	10,991,514	26,963,698
Net underwriting income (loss)	719,003	2,066,107	2,785,110
General and administrative expenses	134,618	450,209	584,827
Net operating income (loss)	584,385	1,615,898	2,200,283
Investment return, net	-	1,118,249	1,118,249
Change in net assets	\$ 584,385	\$ 2,734,147	\$ 3,318,532

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
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
Total underwriting income	12,257,021	13,547,560	25,804,581
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
Total underwriting expenses	12,777,150	14,828,124	27,605,274
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)	(805,451)	(1,711,721)	(2,517,172)
Investment return, net	-	490,088	490,088
Change in net assets	\$ (805,451)	\$ (1,221,633)	\$ (2,027,084)

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, 2024 AND 2023

	Contributed Equity	Accumulated Net Assets	Total
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	4,500,000	(1,416,393)	3,083,607
Change in net assets	-	3,318,532	3,318,532
Balance, June 30, 2024	\$ 4,500,000	\$ 1,902,139	\$ 6,402,139
Balance as of June 30, 2024 consists of:			
Property pool			\$ 2,200,933
Casualty pool			4,201,206
			\$ 6,402,139

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, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 3,318,532	\$ (2,027,084)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Realized loss (gain) on investments, net	(92,187)	(397,169)
Changes in operating assets and liabilities:		
Penalty payback receivables	(74,999)	(789,306)
Premiums receivable	-	4,749
Member payback receivables	5,458	282
Member automobile physical damage receivable	433	(36,658)
Other receivables	(14,027)	-
Prepaid expenses	(460,969)	67,325
Reserve for losses and loss adjustment expenses	1,692,381	1,710,739
Accounts payable	(10,775)	43,574
Brokerage fees and other payables	17,655	(17,655)
Member loss control funds payable	73,870	(41,711)
Accrued expenses	(281,012)	80,452
Net cash provided by (from) operating activities	4,174,360	(1,402,462)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cost of investments	(1,554,568)	(1,248,000)
Proceeds from sale of investments	945,785	1,231,324
Net cash from investing activities	(608,783)	(16,676)
Net increase (decrease) in cash and cash equivalents	3,565,577	(1,419,138)
CASH AND CASH EQUIVALENTS, beginning of year	6,770,047	8,189,185
CASH AND CASH EQUIVALENTS, end of year	\$ 10,335,624	\$ 6,770,047

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, 2024 and 2023, 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 2023, 2022, and 2021 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 2, 2024, 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, 2024, the Consortium retained the first \$900,000 of all covered property risk. The Consortium procures property insurance coverage above the Consortium's retention in limits of \$1,000,000,000 per occurrence for the year ended June 30, 2024.

NOTE 4: INVESTMENTS

The following is a summary of investments in securities held at June 30, 2024 and 2023:

	June 30, 2024		
	Cost	Net Valuation Gains (Losses)	Estimated Fair Value
Pooled investment fund	\$ 4,206,614	\$ 520,000	\$ 4,726,614
Mutual funds	4,499,008	267,789	4,766,797
Total	<u>\$ 8,705,622</u>	<u>\$ 787,789</u>	<u>\$ 9,493,411</u>

INTER UNIVERSITY COUNCIL – INSURANCE CONSORTIUM

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4: INVESTMENTS (CONTINUED)

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

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

	2024	2023
Realized (losses) gains, net	\$ 92,187	\$ 397,169
Unrealized (losses) gains, net	315,503	-
Interest and dividends, net	773,197	142,903
Investment expense	<u>(62,638)</u>	<u>(49,984)</u>
Total net investment return	<u>\$ 1,118,249</u>	<u>\$ 490,088</u>

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

	2024	2023
Asset type:		
Equity Securities:		
Pooled investment fund	\$ 92,187	\$ 397,169
Mutual funds	<u>-</u>	<u>-</u>
Realized (losses) gains, net	<u>\$ 92,187</u>	<u>\$ 397,169</u>

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, 2024 and 2023.

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, 2024:

	Level 1	Level 2	Level 3	Total
Money funds and other	\$ -	\$ 6,019	\$ -	\$ 6,019
Mutual funds	4,766,797	-	-	4,766,797
Money market funds	<u>1,713,322</u>	<u>-</u>	<u>-</u>	<u>1,713,322</u>
Total assets in the fair value hierarchy	6,480,119	6,019	-	6,486,138
Investments measured using NAV as a practical expedient (a):				
Multi-asset pooled investment fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,726,614</u>
Total assets at fair value	<u>\$ 6,480,119</u>	<u>\$ 6,019</u>	<u>\$ -</u>	<u>\$ 11,212,752</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, 2023:

	Level 1	Level 2	Level 3	Total
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>

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, 2024 and 2023, respectively:

<u>June 30, 2024</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Pooled separate Accounts	\$ 4,726,614	N/A	Daily	None
<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

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, 2024 and 2023, 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, 2024 and 2023, 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 and Property Pool included estimated pending outstanding loss liabilities in the Pool layer for events that have occurred through June 30, 2024.

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

	<u>2024</u>	<u>2023</u>
Balance at beginning of year	\$ 12,795,793	\$ 11,085,054
Incurred	5,285,517	8,804,441
Paid	<u>(3,593,136)</u>	<u>(7,093,702)</u>
Balance at end of year	<u>\$ 14,488,174</u>	<u>\$ 12,795,793</u>

NOTE 9: MEMBER LOSS CONTROL FUNDS PAYABLE

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

	<u>2024</u>	<u>2023</u>
Balance at beginning of year	\$ 858,375	\$ 900,086
Deposits	165,000	165,000
Disbursements	<u>(91,130)</u>	<u>(206,711)</u>
Balance at end of year	<u>\$ 932,245</u>	<u>\$ 858,375</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 2024 or 2023 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, 2024

	Beginning Balance	Additions	Deductions	Ending Balance
PROPERTY POOL				
Member:				
Bowling Green State University	\$ 159,010	\$ 1,157,573	\$ (975,435)	\$ 341,148
Central State University	(83,180)	232,925	(204,703)	(54,958)
Cleveland State University	(61,069)	998,011	(840,054)	96,888
Kent State University	291,207	2,027,538	(1,780,116)	538,629
Miami University	469,774	1,994,269	(1,672,676)	791,367
NEOMED	(224,129)	267,423	(224,031)	(180,737)
Ohio University	472,022	1,920,116	(1,645,769)	746,369
Shawnee State University	(2,388)	137,109	(118,635)	16,086
University of Akron	431,956	1,776,887	(1,481,019)	727,824
University of Cincinnati	178,991	3,244,006	(2,733,247)	689,750
University of Toledo	242,944	1,695,105	(1,404,850)	533,199
Wright State University	130,659	695,626	(675,129)	151,156
Youngstown State University	130,837	663,092	(567,519)	226,410
Inter-pool transfer	(2,136,634)	955,950	(3,442,447)	(4,623,131)
	<hr/>	<hr/>	<hr/>	<hr/>
Total property pool	\$ -	\$ 17,765,630	\$(17,765,630)	\$ -

CASUALTY POOL

Member:

Bowling Green State University	\$ 1,322,856	\$ 1,004,120	\$ (769,941)	\$ 1,557,035
Central State University	203,492	259,436	(204,576)	258,352
Cleveland State University	688,898	740,984	(714,667)	715,215
Kent State University	1,656,510	1,697,925	(1,448,180)	1,906,255
Miami University	1,264,618	1,529,585	(1,282,074)	1,512,129
NEOMED	125,271	280,255	(255,869)	149,657
Ohio University	1,990,360	2,071,987	(1,891,616)	2,170,731
Shawnee State University	156,850	230,567	(201,862)	185,555
University of Akron	1,232,028	1,108,680	(930,029)	1,410,679
University of Cincinnati	1,837,451	2,598,067	(2,412,202)	2,023,316
University of Toledo	1,199,579	1,254,208	(1,035,850)	1,417,937
Wright State University	1,103,256	883,946	(872,267)	1,114,935
Youngstown State University	669,685	707,419	(567,996)	809,108
Inter-pool transfer	2,136,634	3,442,447	(955,950)	4,623,131
Administrative & other (1)	(25,000)	-	-	(25,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Total casualty pool	\$ 15,562,488	\$ 17,809,626	\$(13,543,079)	\$ 19,829,035

	Beginning Balance	Additions	Deductions	Ending Balance
TOTAL				
Member:				
Bowling Green State University	\$ 1,481,866	\$ 2,161,693	\$ (1,745,376)	\$ 1,898,183
Central State University	120,312	492,361	(409,279)	203,394
Cleveland State University	627,829	1,738,995	(1,554,721)	812,103
Kent State University	1,947,717	3,725,463	(3,228,296)	2,444,884
Miami University	1,734,392	3,523,854	(2,954,750)	2,303,496
NEOMED	(98,858)	547,678	(479,900)	(31,080)
Ohio University	2,462,382	3,992,103	(3,537,385)	2,917,100
Shawnee State University	154,462	367,676	(320,497)	201,641
University of Akron	1,663,984	2,885,567	(2,411,048)	2,138,503
University of Cincinnati	2,016,442	5,842,073	(5,145,449)	2,713,066
University of Toledo	1,442,523	2,949,313	(2,440,700)	1,951,136
Wright State University	1,233,915	1,579,572	(1,547,396)	1,266,091
Youngstown State University	800,522	1,370,511	(1,135,515)	1,035,518
Administrative & other (1)	(25,000)	-	-	(25,000)
Total	<u>\$ 15,562,488</u>	<u>\$ 31,176,859</u>	<u>\$ (26,910,312)</u>	<u>\$ 19,829,035</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, 2024

	Property Pool	Casualty Pool	TOTAL
	<u>Property Pool</u>	<u>Casualty Pool</u>	<u>TOTAL</u>
REINSURANCE AND GROUP PURCHASE REVENUES:			
Premiums written - excess	\$ 12,499,763	\$ -	\$ 12,499,763
Reinsurance premiums collected	-	2,858,613	2,858,613
Excess premiums:			
United Educators GLX & ELX	-	2,447,123	2,447,123
Other group purchase premiums:			
Cyber	-	1,734,233	1,734,233
Group pollution	-	56,729	56,729
Medical malpractice	-	482,044	482,044
Special accident	-	(95)	(95)
Fiduciary	-	211,980	211,980
Crime	-	197,813	197,813
Foreign liability	-	17,984	17,984
International SOS	-	126,769	126,769
Excess social engineering	-	60,306	60,306
Terrorism	230,605	-	230,605
Fine arts	169,674	-	169,674
Total reinsurance and group purchase revenues	<u>\$ 12,900,042</u>	<u>\$ 8,193,499</u>	<u>\$ 21,093,541</u>
REINSURANCE AND GROUP PURCHASE EXPENSES:			
Risk transfer	\$ 12,492,373	\$ -	\$ 12,492,373
Reinsurance premiums collected	-	2,856,375	2,856,375
Excess premiums	-	2,445,207	2,445,207
Other group purchase premiums:			
Cyber	-	1,732,848	1,732,848
Group pollution	-	56,685	56,685
Medical malpractice	-	481,667	481,667
Special accident	-	(95)	(95)
Fiduciary	-	211,814	211,814
Crime	-	197,658	197,658
Foreign liability	-	17,970	17,970
International SOS	-	126,670	126,670
Excess social engineering	-	60,255	60,255
Terrorism	230,469	-	230,469
Fine arts	169,573	-	169,573
Total reinsurance and group purchase expenses	<u>\$ 12,892,415</u>	<u>\$ 8,187,054</u>	<u>\$ 21,079,469</u>

INTER UNIVERSITY COUNCIL - INSURANCE CONSORTIUM

SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Property Pool	Casualty Pool	TOTAL
	<u> </u>	<u> </u>	<u> </u>
GENERAL AND ADMINISTRATIVE EXPENSES:			
Consortium office	\$ 35,769	\$ 315,000	\$ 350,769
Actuarial fees	-	29,850	29,850
Audit fees	-	30,277	30,277
Accounting services	-	19,359	19,359
Miscellaneous	-	6,370	6,370
TPA administration fees	-	5,750	5,750
Legal fees	98,849	32,592	131,441
Memberships	-	8,581	8,581
Bank fees	-	2,430	2,430
	<u> </u>	<u> </u>	<u> </u>
Total general and administrative expenses	<u>\$ 134,618</u>	<u>\$ 450,209</u>	<u>\$ 584,827</u>

INTER UNIVERSITY COUNCIL - INSURANCE CONSORTIUM

SCHEDULE OF PENALTY PAYBACK RECEIVABLES
AS OF JUNE 30, 2024

	Property Pool	Casualty Pool	TOTAL
Member:			
Bowling Green State University	\$ 26,467	\$ 70,104	\$ 96,571
Central State University	4,481	11,201	15,682
Cleveland State University	18,867	51,209	70,076
Kent State University	45,078	116,878	161,956
Miami University	45,644	97,709	143,353
NEOMED	4,256	5,586	9,842
Ohio University	36,681	137,513	174,194
Shawnee State University	3,604	10,557	14,161
University of Akron	29,773	75,989	105,762
University of Cincinnati	63,261	170,319	233,580
University of Toledo	44,825	90,934	135,759
Wright State University	18,915	49,826	68,741
Youngstown State University	14,129	41,913	56,042
	<u>\$ 355,981</u>	<u>\$ 929,738</u>	<u>\$ 1,285,719</u>
Total penalty payback receivables	<u>\$ 355,981</u>	<u>\$ 929,738</u>	<u>\$ 1,285,719</u>

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**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, 2024, and the related notes to the financial statements, which collectively comprise the Consortium's financial statements, and have issued our report thereon dated December 2, 2024.

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 2, 2024

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 1/23/2025

65 East State 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