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LOUISIANA HIGH RISK HEALTH POOL, INC.
d/b/a LOUISIANA HEALTH INSURANCE ASSOCIATION

FINANCIAL STATEMENTS

DECEMBER 31, 1995 and 1994

under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9-4-96

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By D. Barton
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Postlethwaite & Netterville

A Professional Accounting Corporation
CERTIFIED PUBLIC ACCOUNTANTS

8550 UNITED PLAZA BLVD., SUITE 1001 • BATON ROUGE, LOUISIANA 70809 • TELEPHONE (504) 922-4600 • FAX (504) 922-4611

INDEPENDENT AUDITORS' REPORT

Board of Directors

Louisiana High Risk Health Pool, Inc.

d/b/a Louisiana Health Insurance Association

Baton Rouge, Louisiana

We have audited the accompanying statements of financial position of Louisiana High Risk Health Pool, Inc. (a not-for-profit organization) d/b/a Louisiana Health Insurance Association as of December 31, 1995 and 1994, and the related statements of activities and cash flows, for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana High Risk Health Pool, Inc., d/b/a Louisiana Health Insurance Association, as of December 31, 1995 and 1994, and the results of its operations, and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 5, 1996 on our consideration of the Association's internal control structure and a report dated March 5, 1996 on its compliance with laws and regulations.

Postlethwaite & Netterville

Baton Rouge, Louisiana
March 5, 1996

LOUISIANA HIGH RISK HEALTH POOL, INC.
d/b/a LOUISIANA HEALTH INSURANCE ASSOCIATION
BATON ROUGE, LOUISIANA

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 1995 and 1994

A S S E T S

	<u>1995</u>	<u>1994</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 53,478	\$ 45,835
Investments	1,716,825	2,479,829
Accrued interest	<u>194,761</u>	<u>118,363</u>
	<u>1,965,064</u>	<u>2,644,027</u>
<u>INVESTMENTS</u>		
	<u>10,620,460</u>	<u>8,022,135</u>
<u>DEPRECIABLE ASSETS</u>		
Property and equipment (net of accumulated depreciation of \$35,683 and \$24,846, respectively)	<u>19,947</u>	<u>25,784</u>
Total assets	<u>\$ 12,605,471</u>	<u>\$ 10,691,946</u>

L I A B I L I T I E S A N D N E T A S S E T S

<u>CURRENT LIABILITIES</u>		
Payroll taxes payable	\$ 884	\$ 614
Claims payable	<u>904,000</u>	<u>575,000</u>
	<u>904,884</u>	<u>575,614</u>
<u>NET ASSETS</u>		
Unrestricted		
Designated by the Board for the capital and surplus requirements of the Louisiana insurance laws and regulations	3,000,000	3,000,000
Undesignated	<u>8,700,587</u>	<u>7,116,332</u>
Total unrestricted net assets	<u>11,700,587</u>	<u>10,116,332</u>
Total liabilities and net assets	<u>\$ 12,605,471</u>	<u>\$ 10,691,946</u>

The accompanying notes are an integral part of these statements.



LOUISIANA HIGH RISK HEALTH POOL, INC.
d/b/a LOUISIANA HEALTH INSURANCE ASSOCIATION
BATON ROUGE, LOUISIANA

Page 1 of 2

STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 1995 and 1994

	<u>1995</u>	<u>1994</u>
<u>REVENUES</u>		
State appropriations	\$ 2,000,000	\$ 2,000,000
Mandated service charges	522,627	583,001
Premiums	1,265,709	792,586
Interest and other	715,366	486,755
Net loss on sales of investments	(49,399)	(14,233)
	<u>4,454,303</u>	<u>3,848,109</u>
<u>CLAIMS EXPENSES</u>		
Claims administration	51,107	36,323
Claims payments	2,100,773	1,397,330
Activity in incurred but not reported claims liability and reported but unpaid claims liability	<u>329,000</u>	<u>395,000</u>
	<u>2,480,880</u>	<u>1,828,653</u>
<u>OPERATING EXPENSES</u>		
Advertising	135	153
Bank and trustee fees	27,762	22,629
Computer services	79,586	77,430
Consultant - actuary	28,996	26,637
Copy usage and supplies	4,912	4,416
Depreciation	10,837	8,719
Insurance	13,366	16,166
Maintenance	2,475	2,165
Miscellaneous expense	791	555
Office supplies	5,015	6,741
Payroll taxes	10,590	11,262
Postage	4,975	6,218
Professional education	809	941
Professional fees	44,178	26,090
Rent	16,120	15,503
Salaries and wages	125,391	125,414
Subscriptions and dues	1,530	1,584
Telephone and utilities	5,830	5,847
Travel expense	5,870	4,606
	<u>389,168</u>	<u>363,076</u>

The accompanying notes are an integral part of these statements.



LOUISIANA HIGH RISK HEALTH POOL, INC.
d/b/a LOUISIANA HEALTH INSURANCE ASSOCIATION
BATON ROUGE, LOUISIANA

Page 2 of 2

STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 1995 and 1994

	<u>1995</u>	<u>1994</u>
<u>CHANGE IN NET ASSETS</u>	\$ 1,584,255	\$ 1,656,380
Net assets - beginning of year	<u>10,116,332</u>	<u>8,459,952</u>
Net assets - end of year, including the \$3,000,000 designated by the Board for the capital and surplus requirements of the Louisiana insurance laws and regulations	<u>\$ 11,700,587</u>	<u>\$ 10,116,332</u>
 <u>Additional disclosures of claims activity:</u>		
Claims payable - beginning of year	\$ 575,000	\$ 180,000
Activity in incurred but not reported claims liability and reported but unpaid claims liability	<u>329,000</u>	<u>395,000</u>
Claims payable - end of year	<u>\$ 904,000</u>	<u>\$ 575,000</u>

The accompanying notes are an integral part of these statements.



LOUISIANA HIGH RISK HEALTH POOL, INC.
d/b/a LOUISIANA HEALTH INSURANCE ASSOCIATION
BATON ROUGE, LOUISIANA

Page 1 of 2

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 1995 and 1994

	1995	1994
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Service charges received	\$ 522,627	\$ 583,001
State appropriations received	2,000,000	2,000,000
Premiums received	1,265,709	792,586
Investment interest received	626,422	402,659
Claims paid to participants	(2,100,773)	(1,397,330)
Cash paid to employees and suppliers	(429,168)	(390,860)
Net cash provided by operating activities	1,884,817	1,990,056
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(5,000)	(12,006)
Proceeds from sales and maturities of investments	3,911,405	1,419,370
Purchases of investments	(5,783,579)	(3,410,342)
Net cash used by investment activities	(1,877,174)	(2,002,978)
 Net increase (decrease) in cash and cash equivalents	7,643	(12,922)
Cash and cash equivalents - beginning of year	45,835	58,757
Cash and cash equivalents - end of year	\$ 53,478	\$ 45,835

The accompanying notes are an integral part of these statements.



LOUISIANA HIGH RISK HEALTH POOL, INC.
d/b/a LOUISIANA HEALTH INSURANCE ASSOCIATION
BATON ROUGE, LOUISIANA

Page 2 of 2

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 1995 and 1994

	<u>1995</u>	<u>1994</u>
<u>Reconciliation of change in net assets to</u> <u>net cash provided by operating activities</u>		
Change in net assets	\$ 1,584,255	\$ 1,656,380
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	10,837	8,719
Net loss on sales of investments	49,399	14,233
Net amortization of premiums and discounts	(12,546)	(21,310)
Increase in accrued interest receivable	(76,398)	(62,786)
Increase in claims payable	329,000	395,000
Increase (decrease) in payroll taxes payable	<u>270</u>	<u>(180)</u>
Net cash provided by operating activities	<u>\$ 1,884,817</u>	<u>\$ 1,990,056</u>

The accompanying notes are an integral part of these statements.



LOUISIANA HIGH RISK HEALTH POOL, INC.
d/b/a LOUISIANA HEALTH INSURANCE ASSOCIATION
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Significant Accounting Policies

The accounting and reporting policies of Louisiana High Risk Health Pool, Inc., d/b/a Louisiana Health Insurance Association (the Association) conform to generally accepted accounting principles and the prevailing practices within the insurance industry. A summary of significant policies is as follows:

Organization

Louisiana High Risk Health Pool, Inc. d/b/a Louisiana Health Insurance Association (the Association) was formed under Louisiana Legislative Act No. 131 of 1990 to provide a mechanism which will insure the availability of health and accident insurance coverage to those citizens of Louisiana who, because of health conditions, cannot otherwise secure insurance coverage. The Association's general objectives are to formulate, develop, and administer a program that provides this insurance at rates between 150-200% of the rates applicable for individual standard risks.

Upon the dissolution of the Association, the assets shall satisfy all of the Association's outstanding liabilities and obligations. Any excess of assets over liabilities shall be transferred to the State of Louisiana.

Health policies will be issued only to the extent that the losses will be covered by actuarially determined reserves.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Investments

Under Louisiana Revised Statute 39:1271, the Association may invest in United States bonds, treasury notes or certificates, any other federally insured investment, or mutual and trust fund institutions which are registered with the Securities and Exchange Commission and have underlying investments consisting solely of and limited to securities of the United States government or its agencies.

Investments are stated at cost, which approximates fair market value. Interest and investment income are recognized when earned.

LOUISIANA HIGH RISK HEALTH POOL, INC.
d/b/a LOUISIANA HEALTH INSURANCE ASSOCIATION
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are stated at cost. Additions, renewals, and betterments that extend the life of these assets are capitalized. Maintenance and repair expenditures are expensed as incurred. Provisions for depreciation are computed using the straight-line method over five year periods, the estimated useful lives of the assets.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gains or losses are recognized in income for that period.

Mandated Service Charges

The Association charges insurance companies two dollars per day service fees for each of their participants admitted to a hospital for in-patient services and one dollar service fees for each of their participants admitted to an ambulatory surgery center or a hospital for out-patient surgery. Patients who are responsible for their own charges as well as patients who are covered by Medicare or other government subsidized programs are exempt from these fees.

Premiums

In accordance with state law, premium rates are actuarially determined annually, or more frequently, if management deems it necessary. Factors affecting the rates include the amount of coverage provided, risk experience, demographics, expenses associated with providing coverage, and the rates charged by other insurance companies in the area for comparable policies. Premiums are recognized as revenue over the period covered.

Claims Expense and Claims Payable

Claims expense consists of both the actual claims paid during the current year and any adjustments to the accounting estimate of claims that have been incurred but not reported.

The Association establishes a claims liability based on estimates, provided by the actuarial consultants, of the ultimate cost of claims that have been reported but not settled and of claims that have been incurred but not reported. These estimates are based primarily on past experience. These liabilities are necessarily based on estimates, and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amounts provided. Any adjustments to these estimates are reflected in current year earnings.

LOUISIANA HIGH RISK HEALTH POOL, INC.
d/b/a LOUISIANA HEALTH INSURANCE ASSOCIATION
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Significant Accounting Policies (continued)

Fair Values of Financial Instruments

Statement of Financial Accounting Standards (SFAS) 107, *Disclosures about Fair Values of Financial Instruments*, requires disclosure of fair value information about financial instruments, whether or not recognized in the balance sheet. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Association.

The following methods and assumptions were used by the Association in estimating its fair value disclosures for financial instruments:

Cash and cash equivalents - The carrying amounts reported in the balance sheets for cash and cash equivalents approximate those assets' fair values.

Accrued interest receivable - The carrying amount of accrued interest receivable approximates its fair value.

Investment securities - Fair values for investment securities are based on quoted market prices, where applicable. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments.

Statements of Cash Flows

For the purpose of the statements of cash flows, the Association considers all amounts in demand deposit accounts and interest-bearing demand deposit accounts to be cash and cash equivalents.

Financial Statement Presentation

In 1995, the Association adopted Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Association is required to present a statement of cash flows. The reclassification had no effect on the change in net assets for 1994.

LOUISIANA HIGH RISK HEALTH POOL, INC.
d/b/a LOUISIANA HEALTH INSURANCE ASSOCIATION
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Significant Accounting Policies (continued)

Reclassification

Certain amounts in the 1994 financial statements have been reclassified to conform with the current year presentation.

2. Investments

The Association's investments are uninsured and unregistered. The securities are held by a local bank's trust department, but not in the Association's name. The cost and estimated market value of investments held in trust as of December 31, 1995 and 1994 are as follows:

	December 31, 1995			
	<u>Carrying Value</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Market Value</u>
Money Market Funds	\$ 614,291	\$ -	\$ -	\$ 614,291
United States Treasury Notes	8,261,031	251,877	4,282	8,508,626
Mortgage Backed Securities guaranteed by U. S. Government Agencies	<u>3,461,963</u>	<u>40,646</u>	<u>16,043</u>	<u>3,486,566</u>
	<u>\$ 12,337,285</u>	<u>\$ 292,523</u>	<u>\$ 20,325</u>	<u>\$ 12,609,483</u>

	December 31, 1994			
	<u>Carrying Value</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Market Value</u>
Money Market Funds	\$ 1,079,469	\$ -	\$ -	\$ 1,079,469
United States Treasury Notes	7,252,512	-	375,812	6,876,700
Mortgage Backed Securities guaranteed by U. S. Government Agencies	<u>2,169,983</u>	<u>-</u>	<u>181,831</u>	<u>1,988,152</u>
	<u>\$ 10,501,964</u>	<u>\$ -</u>	<u>\$ 557,643</u>	<u>\$ 9,944,321</u>



LOUISIANA HIGH RISK HEALTH POOL, INC.
d/b/a LOUISIANA HEALTH INSURANCE ASSOCIATION
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

3. Lease Commitments

During 1994, the Association entered into a lease for its office facilities through August 1997. In general, the terms of the leases provide for monthly payments ranging from \$1,245 to \$1,372 through its termination on August 4, 1997.

The Association's future minimum lease liabilities under this operating lease are as follows:

Year ending December 31,	Amount
1996	\$ 16,011
1997	<u>9,607</u>
	<u>\$ 25,618</u>

Total rent expense on operating leases was \$15,249 and \$14,727 during the years ended December 31, 1995 and 1994, respectively.

4. Claims Payable

The claims payable liability of \$904,000 reported at December 31, 1995, is based on the requirement that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the liability can be reasonable estimated.

A reconciliation of the unpaid claims liability is shown below:

Unpaid claims and claims adjustment expenses at December 31, 1994	<u>\$ 575,000</u>
Incurred claims and claim adjustment expenses:	
Provision for insured events of the current fiscal year	2,580,754
Decrease in the provision for insured events of prior fiscal years	(150,981)
Total incurred claims and claim adjustment expenses	<u>2,429,773</u>
Payments:	
Claims and claims adjustment expenses attributable to insured events of the current fiscal year	1,676,754
Claims and claims adjustment expenses attributable to insured events of the prior fiscal years	<u>424,019</u>
Total Payments	<u>2,100,773</u>
Unpaid claims and claims adjustment expenses at December 31, 1995	<u>\$ 904,000</u>

LOUISIANA HIGH RISK HEALTH POOL, INC.
d/b/a LOUISIANA HEALTH INSURANCE ASSOCIATION
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

5. Income Taxes

The Association's initial applications for recognition of exemption from federal income taxes under sections 501(c)(4) and 501(c)(6) of the Internal Revenue Code were denied by the Internal Revenue Service. The Association requested reconsideration of the adverse ruling on the section 501(c)(4) application, and the Internal Revenue Service has agreed to reconsider this ruling; however, no final decision concerning this reconsideration has been reached. Based on the adverse rulings of the initial applications, the Association filed amended corporate income tax returns for all of the years since inception. Since section 115 of the Internal Revenue Code considers all of the Association's revenues to be exempt from taxation, there was no tax liability for any of these years, and the Association's management does not expect any tax liabilities in future years.

6. Capital and Surplus Requirements

The Louisiana insurance regulations require the Association to maintain a minimum capital and surplus level of \$3,000,000. The Board formally designated a portion of its unrestricted net assets for this purpose, and this designation is reflected on the financial statements accordingly.

7. Financial Instruments

The estimated fair values of the Association's financial instruments at December 31, 1995 were as follows:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Assets:		
Cash and cash equivalents	\$ 53,478	\$ 53,478
Accrued interest receivable	194,761	194,761
Investment securities	12,337,285	12,609,483





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Independent Auditors' Report on Internal Control Structure
Based on an Audit of Financial Statements Performed
in Accordance with Government Auditing Standards

Board of Directors
Louisiana High Risk Health Pool, Inc.
d/b/a Louisiana Health Insurance Association
Baton Rouge, Louisiana

We have audited the financial statements of Louisiana High Risk Health Pool, Inc. (a not-for-profit organization) d/b/a Louisiana Health Insurance Association (the Association) as of and for the year ended December 31, 1995, and have issued our report thereon dated March 5, 1996.

We have conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the Association is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of the Association as of and for the year ended December 31, 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion of the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted a certain matter involving the internal control structure and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Association's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Finding - The segregation of duties is inadequate to provide effective internal control. This condition is due to the limited size of the accounting staff and available resources. This condition existed in previous years and was mentioned in the Independent Auditors' Report on Internal Control Structure based on an audit of financial statements performed in Accordance With *Governmental Auditing Standards* dated June 16, 1995. The condition remains unchanged as of December 31, 1995.

Recommendation - No action is recommended.

Response - Management concurs in the finding.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we do not believe that the lack of segregation of duties described above is a material weakness.

This report is intended for the information of the finance committee and management of the Louisiana Health Insurance Association, the Commissioner of Insurance, State of Louisiana, and the Legislative Auditor, State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Postlethwaite & Nettville

Baton Rouge, Louisiana
March 5, 1996



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CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditors' Report on Compliance
Based on an Audit of Financial Statements Performed
in Accordance with Government Auditing Standards

Board of Directors
Louisiana High Risk Health Pool, Inc.
d/b/a Louisiana Health Insurance Association
Baton Rouge, Louisiana

We have audited the financial statements of Louisiana High Risk Health Pool, Inc. (a not-for-profit organization) d/b/a Louisiana Health Insurance Association (the Association) as of and for the year ended December 31, 1995, and have issued our report thereon dated March 5, 1996.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, and contracts applicable to the Association is the responsibility of the Association's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Association's compliance with certain provisions of laws and regulations. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under *Governmental Auditing Standards*.

This report is intended for the information of the finance committee and management of the Louisiana Health Insurance Association, the Commissioner of Insurance, State of Louisiana, and the Legislative Auditor, State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Postlethwaite & Netterville

Baton Rouge, Louisiana
March 5, 1996