

EXCELLUS HEALTH PLAN, INC.

This Group Contract providing Aggregate and Specific Stop Loss Insurance is issued to:

Horseheads Central School District
Contract Holder

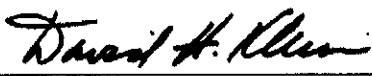
Coverage begins at 12:01 a.m. Eastern Time on July 1, 2011, (the "Effective Date").

This Contract is executed and delivered by Excellus Health Plan, Inc. and is governed by the laws of the State of New York. This Contract is issued in consideration of the application made by the Contract Holder and the payment of premiums as provided in this Contract.

The provisions set forth on the following pages, including any amendments, and any referenced or attached documents, are a part of this Contract.

READ YOUR CONTRACT CAREFULLY.

EXCELLUS HEALTH PLAN, INC.
165 Court Street
Rochester, NY 14647

By: 

David H. Klein
President

Horseheads Central School District
Contract Holder

By: _____

Title

Date

TABLE OF CONTENTS

SECTION ONE – DEFINITIONS.....3

SECTION TWO – SPECIFIC STOP LOSS COVERAGE.....6

SECTION THREE – AGGREGATE STOP LOSS COVERAGE.....6

SECTION FOUR – TERM OF CONTRACT.....6

SECTION FIVE – PREMIUMS AND AGGREGATE FACTORS.....7

SECTION SIX – CLAIM PROVISIONS.....7

SECTION SEVEN – EXCLUSIONS AND LIMITATIONS.....8

SECTION EIGHT – TERMINATION.....9

SECTION NINE – GENERAL PROVISIONS.....10

SECTION ONE – DEFINITIONS

ANNUAL AGGREGATE DEDUCTIBLE as shown in the Schedule of Stop Loss Insurance for any one Contract Period means the greater of:

- 1.The cumulative monthly total of Covered Units multiplied by the Monthly Aggregate Deductible Factors; or
- 2.The Minimum Annual Aggregate Deductible

BENEFIT PERIOD means the period of time in which Plan Benefits must be Incurred by the Covered Person and Paid by the Plan to be eligible for reimbursement under this Contract. This period does not alter the Contract Effective Date and Contract Period, nor does it waive the eligibility requirements of this Contract.

COMPANY means Excellus Health Plan, Inc.

CONTRACT means this Stop Loss Insurance Contract.

CONTRACT HOLDER means the applicant named in the Renewal Application of Stop Loss Insurance Coverage.

CONTRACT PERIOD means the dates shown in the Schedule of Stop Loss Insurance.

COVERED BENEFITS means the benefits provided for Covered Persons by the Plan as defined in the Contract.

COVERED PERSON means any eligible individual entitled to benefits under the Contract Holder's Plan.

COVERED UNIT(S) for the purposes of determining the premiums payable or the Annual Aggregate Deductible means the following:

- 1.Employee; or
- 2.Employee with dependents; or
- 3.Such other defined unit as agreed between the Company and the Contract Holder.

DEDUCTIBLE(S) means the Specific Deductible(s), or Aggregate Deductible(s), as shown in the Schedule of Stop Loss Insurance.

ELIGIBLE CLAIM EXPENSE(S) means Plan Benefits which are Incurred by a Covered Person under the Plan(s) and for which benefits have been Paid by the Contract Holder in accordance with the terms of the Plan(s) on the Claims Basis shown in the Schedule of Stop Loss Insurance. Eligible Claim Expenses which are covered under the terms of the Plan(s), Paid by the Contract Holder and not excluded under the terms of this Contract shall be included in the calculation of the reimbursements payable under this Contract after the Deductible(s) of this Contract has been satisfied.

EXPERIMENTAL OR INVESTIGATIONAL SERVICES means a treatment, procedure, medical device, drug or biological product (collectively, "Service") which will be considered to be experimental or investigational if:

1. The Service is not of proven benefit for a particular diagnosis or for treatment of a particular condition; or
2. The Service is not generally recognized by the medical community, as reflected in published, peer-reviewed, medical literature, as effective or appropriate for a particular diagnosis or for treatment of a particular condition; or
3. The Service is not of proven safety for a person with a particular diagnosis or a particular condition, i.e., is currently being evaluated in research studies to ascertain the safety and effectiveness of the treatment on the well being of a person with a particular diagnosis or in the particular condition.

Governmental approval of a Service will be considered in determining whether a Service is experimental or investigational, but the fact that a Service has received governmental approval does not necessarily mean that it is of proven benefit, or appropriate or effective treatment for a particular diagnosis or for a particular condition.

In determining whether a Service is experimental or investigational, the Company may, in its discretion, require that any or all of the following five criteria be met:

- 1.A Service that is a medical device, drug, or biological product must have received final approval of the United States Food and Drug Administration (FDA) to market for the particular diagnosis or condition. Any other approval granted as an interim step in the FDA regulatory process, e.g., an Investigational Device Exemption or an Investigational New Drug Exemption, is not sufficient. Once final FDA approval has been granted for a particular diagnosis or condition, use of the Service (medical device, drug, or biological product) for another diagnosis or condition may require that any or all of the five criteria be met.
2. Published, peer-reviewed, medical literature must provide conclusive evidence that the Service has a definite, positive effect on health outcomes. The evidence must include reports of well-designed investigations that have been reproduced by nonaffiliated, authoritative sources with measurable results, backed up by the positive endorsements of national medical bodies or panels regarding scientific efficacy and rationale.
3. Published, peer-reviewed, medical literature must provide demonstrated evidence that, overtime, the Service leads to improvement in health outcomes, i.e., the beneficial effects of the Service outweigh any harmful effects.
4. Published, peer-reviewed, medical literature must provide proof that the Service is at least as effective in improving health outcomes as established services or technology, or is usable in appropriate clinical contexts in which an established service or technology is not employable.
5. Published, peer reviewed, medical literature must provide proof that improvement in health outcomes, as defined in Subparagraph 3 above, is possible in standard conditions of medical practice, outside of clinical investigatory settings.

INCURRED means as follows:

1. With respect to services, the date on which the services are rendered to the Covered Person; or
2. With respect to supplies, the date on which the supplies are given to the Covered Person.

LIFETIME LIMIT OF LIABILITY means the amount shown in the Schedule of Stop Loss Insurance and is the maximum amount the Company will reimburse the Contract Holder with respect to any Covered Person(s) under this Contract issued by the Company but not more than the Lifetime Maximum specified in the Plan.

MEDICALLY NECESSARY AND APPROPRIATE means that a service, supply or drug is provided by a recognized provider, is accepted by the United States Food and Drug Administration and is generally accepted as the standard of care for the control or cure of the illness or injury being treated by physicians practicing in the same or related specialty field.

MINIMUM ANNUAL AGGREGATE DEDUCTIBLE means the number of initial Covered Units multiplied by the number of months in the Contract Period multiplied by 90% multiplied by the corresponding Monthly Aggregate Deductible Factors.

PAID means:

1. The draft or check for payment of Plan Benefits is issued and released by the Contract Holder by mail or other means or funds are transmitted electronically by the plan supervisor to the payee; and
2. Sufficient funds are available:
 - a. In the account from which the draft or check is issued for a non-zero balance account or from the account from which the funds are electronically transmitted; or
 - b. To permit the draft or check to be honored in a zero-balance account.

PLAN(S) means the Contract Holder's self-funded benefit plan(s) as described in its Plan(s) document as required by either Federal or state law. A copy of the Plan(s) document is attached to this Contract for the purpose of determining the Company's liability under this Contract.

PLAN BENEFITS means Eligible Claim Expenses which are Incurred by a Covered Person under the Plan(s) and for which benefits have been Paid by the Contract Holder in accordance with the terms of the Plan(s) on the Claim Basis shown in the Schedule of Stop Loss Insurance. Plan Benefits which are covered under the terms of the Plan(s), Paid by the Contract Holder and not excluded under the terms of the Contract shall be included in the calculation of the reimbursements payable under this Contract after the Deductible(s) of this Contract has been satisfied.

PROOF OF LOSS means receipt of a complete claim form, satisfactory to the Company, and other supporting documentation required by the Company.

PROVIDER NETWORK(S) means a network(s) or similar organization consisting of selected health care providers (e.g., physicians and hospitals) that provide services or supplies to a Covered Person at a discounted or pre-determined price.

THIRD PARTY ADMINISTRATOR means a firm or person which has been retained by the Contract Holder to pay claims and/or provide other administrative services on behalf of the Contract Holder.

SECTION TWO – SPECIFIC STOP LOSS COVERAGE

The Company will reimburse the Contract Holder for the amount of any Plan Benefits which exceed the Specific Deductible as shown in the Schedule of Stop Loss Insurance for a Covered Person and which are Incurred and Paid during the Benefit Period as shown in the Schedule of Stop Loss Insurance.

While the determination of benefits under the Plan is the sole responsibility of the Contract Holder, the Company reserves the right to interpret the terms and conditions of the Plan as it applies to this Contract. The Company has the right to approve or deny reimbursements under this Contract.

SECTION THREE – AGGREGATE STOP LOSS COVERAGE

The Company will reimburse the Contract Holder for the amount of any Plan Benefits which exceed the Annual Aggregate Deductible as shown in the Schedule of Stop Loss Insurance and which are Incurred and Paid during the Benefit Period as shown in the Schedule of Stop Loss Insurance. Plan Benefits for each Covered Person in excess of the Loss Limit Per Covered Person for the Contract Period as shown in the Schedule of Stop Loss Insurance will not be included for the purposes of determining the amount of the Aggregate Stop Loss reimbursement under this Contract.

Reimbursements to the Contract Holder for any Aggregate Stop Loss provided under this Contract will be made after the end of the Contract Period provided:

1. The Company has received all of the Proof of Loss information it requires; and
2. The Company has completed any audit it may deem necessary.

While the determination of benefits under the Plan is the sole responsibility of the Contract Holder, the Company reserves the right to interpret the terms and conditions of the Plan as it applies to this Contract. The Company has the right to approve or deny reimbursements under this Contract.

If this Contract or the Aggregate Stop Loss Coverage is terminated prior to the end of Contract Period, the Annual Aggregate Deductible will not be pro-rated.

SECTION FOUR – TERM OF CONTRACT

This Contract will be in force during the Contract Period shown in the Schedule of Stop Loss Insurance and will automatically terminate at the end of the Contract Period unless it has been terminated earlier as provided in the Termination provision, or unless the Company and the Contract Holder have agreed upon terms to renew the Contract. In such event the Company will issue to the Contract Holder a new Schedule of Stop Loss Insurance.

SECTION FIVE – PREMIUMS AND AGGREGATE FACTORS

The Schedule of Stop Loss Insurance shows the premium rates for each coverage and the Monthly Aggregate Deductible Factors for Aggregate Stop Loss Coverage. The initial Premium is due on the Effective Date of this Contract and subsequent premiums are due on the first day of each succeeding month in the Contract Period. The entire amount of the applicable premium shall be paid when due. The Company is not obligated to accept or apply any premium paid which is less than the entire amount due for any period. Premium payments shall be credited first to any past due and unpaid premium, in the order in which due. Premiums are not considered paid until the payment is received by the Company.

A grace period of thirty-one (31) days is allowed for the payment of any premium except the first. The Company is not obligated to apply any premium which is received after the grace period and may, at its discretion, return any premium payment. The payment of any premium will not cause the insurance under this Contract to remain in force beyond the day before the next Premium Due Date.

The Company may change the premiums and Monthly Aggregate Deductible Factors on any of the following dates:

1. The effective date that the Plan is amended; or
2. The effective date that the Contract Holder adds or deletes a subsidiary or affiliated companies or divisions; or
3. The date an increase or decrease in the number of Covered Units exceeds 15% from the number of Covered Units on the first day of the Contract Period; or
4. The effective date that the Provider Network(s) is changed; or
5. The date the Company is informed of a clerical error or discovers material misrepresentation of underwriting information. The Company's action will be in accordance with the Misstated Data Provisions under the GENERAL PROVISIONS of this Contract.

The Contract Holder will furnish to the Company any information which the Company deems necessary to determine the amount of premium due under this Contract. The Company may, at its discretion, examine the records of the Contract Holder at any reasonable time to confirm that premiums are being calculated and paid in accordance with this Contract. The Company will refund to the Contract Holder any overpayment of premium made in error. Such refund shall be made only for the overpayments made during the Contract Period in which the error is uncovered and reported to the Company.

SECTION SIX – CLAIM PROVISIONS

The Contract Holder warrants, upon presentation of a Plan Benefit for reimbursement, that all monies necessary to pay for the Plan Benefit have been Paid to the Covered Person or the provider of services to the Covered Person.

The Contract Holder will maintain records showing the complete details concerning any and all amounts paid for benefits not provided under the terms of the Plan. These payments for benefits not provided under the terms of the Plan will not be included in determining Plan Benefits reimbursable under this Contract.

SPECIFIC STOP LOSS COVERAGE

With Respect to Specific Stop Loss Coverage, the Contract Holder or Third Party Administrator will give written notice of claims to the Company on the Company's customary Proof of Loss form within thirty (30) days of the date the Contract Holder or Third Party Administrator becomes aware of the existence of facts which would reasonably suggest the possibility that Plan Benefits will be Incurred which are subject to this Contract and will result in at least \$50,000.00 or fifty (50%) of the Specific Deductible, whichever is less. The Contract Holder or Third Party Administrator will also comply with other claim reporting requirements, provided that the Company sends written notice to the Contract Holder or Third Party Administrator of these requirements and allows the Contract Holder or Third Party Administrator thirty (30) days to begin complying with the new requirements. Failure to furnish written notice will not invalidate or reduce any claim, if it was not reasonably possible to provide such written notice within the time period required. If the Company determines it was reasonably possible to provide written notice in accordance with the provisions of this paragraph, the Company may adjust the reimbursement to reflect the savings the Company would have obtained had the Company received notice within thirty (30) days.

In no event will the Company be liable for any claims submitted for reimbursement more than twelve (12) months after the end of the Benefit Period.

AGGREGATE STOP LOSS COVERAGE

With Respect to Aggregate Stop Loss Coverage, written Proof of Loss, in a form and content satisfactory to the Company, must be given within thirty-one (31) days after the end of the Benefit Period. If it is not possible to give proof within this time period, proof must be given as soon as reasonably possible. Proof of Loss may not be given later than twelve (12) months after the end of the Benefit Period. The Contract Holder or Third Party Administrator will also comply with other claim reporting requirements, provided that the Company sends written notice to the Contract Holder or Third Party Administrator of these requirements and allows the Contract Holder or Third Party Administrator thirty (30) days to begin complying with the new requirements.

OFFSET

The Company has the right to offset any benefits payable to the Contract Holder under this Contract against premiums due and unpaid by the Contract Holder. This right will not prevent the termination of this Contract for the non-payment of premium under the Termination Provision of this Contract.

SECTION SEVEN – EXCLUSIONS AND LIMITATIONS

The following charges and/or expenses are not covered:

1. Expenses not specifically covered under the terms of the Plan.
2. Expenses Incurred by an individual who is not a Covered Person under the Plan when the expense was Incurred.
3. Expenses Incurred when the Plan is not in effect.

4. Expenses Paid by the Contract Holder to the extent the Contract Holder receives payments for those expenses from other insurers, subject to coordination of benefit rules.
5. Expenses for the cost of any Experimental or Investigational Services.
6. Expenses for the cost of any treatment, procedure, service, supply or drug which is not Medically Necessary and Appropriate.
7. Charges for cosmetic surgery, unless from a congenital defect or due to an injury while a Covered Person is covered under the Plan.
8. Expenses for benefits which the Contract Holder is not legally liable to pay under the Plan.
9. Expenses of persons who were not reported on the Contract Holder Disclosure Statement who should have been disclosed in compliance with the terms of the Contract Holder Disclosure Statement.
10. Expenses which are covered under Medicare or another health insurance plan for which the Contract Holder is not liable under coordination of benefits, non duplication or other provisions in the Plan.
11. Expenses also covered as benefits under Medicare or another health insurance plan. In no event will the total payments on behalf of a Covered Person for a reimbursement otherwise payable under this Contract and any similar Medicare benefit or a benefit under another health insurance plan exceed one hundred percent of the Covered Person's Eligible Claim Expenses.
12. Charges for any service or care for which benefits are provided under a workers' compensation or similar law.
13. Expenses resulting from:
 - a. Extra or non-contractual damages including compensatory, exemplary or punitive damages; or
 - b. Legal fees and expenses related to the operation of the Plan, including defense of claims and appeals; or
 - c. Fines for statutory penalties awarded as a result of an act, omission or course of conduct committed by or for which the Contract Holder was held responsible in connection with the Plan; or
 - d. Cost of the administration of claim payments, consulting fees, administration fees, or other services provided on behalf of the Contract Holder by a third party.
14. Expenses related to war or any act of war declared or undeclared, whether civil or international.

SECTION EIGHT – TERMINATION

By the Contract Holder

The Contract Holder may terminate this Contract on any premium due date by giving the Company at least thirty-one (31) days advance written notice.

By the Company

At its option, the Company may terminate this Contract on the date that any one of the following occurs:

1. In the event that the Contract Holder has failed to perform any of the duties or obligations under this Contract, the Company will provide the Contract Holder with a written notice specifying such acts or omissions and will have the right to terminate the Contract if the Contract Holder does not rectify such failures within ten (10) days of receipt of the written notice; or
2. The date the Plan is found to be in violation of Federal law; however, if it is determined that the Plan is not in compliance with such laws, the Company will allow the Contract Holder ninety (90) calendar days within which to achieve compliance. Failure to comply by such date will result in termination of the Contract as of the date the Plan was found to be in violation; or
3. Upon giving the Contract Holder at least sixty (60) days advance written notice.

Automatic

This Contract will automatically terminate without notification required upon the earliest of the following dates:

1. The date the Plan terminates; or
2. At the end of any grace period when the premium due remains unpaid as of the premium due date; or
3. The date the Contract Holder has failed to provide funds for payment of claims under the Plan; or
4. Delegation by the Contract Holder of its duties under this Contract to a Third Party Administrator which has not been approved by the Company.

The Company has no obligation to reimburse the Contract Holder for any Plan Benefits which are Paid after the date this Contract is terminated.

SECTION NINE – GENERAL PROVISIONS**Entire Contract**

The entire Contract consists of this Contract, the attached copy of the Contract Holder's Renewal Application for Stop Loss Insurance Coverage, the Contract Holder Disclosure Statement and any amendments, riders or endorsements.

Changes to the Contract

This Contract may be changed at any time by a written agreement between the Contract Holder and the Company. The provisions of this Contract may be changed or waived only by an authorized representative of the Company and only in writing. The Company will not be bound by any promise or representations made by any other person. The Company may change any one or more of all of the items shown in the Schedule of Stop Loss Insurance by endorsement during the Contract Period in response to any change which is made to any applicable state or Federal law which change, in the sole opinion of the Company, may affect the Company's liability under this Contract.

Parties to the Contract

This Contract is a contract between the Contract Holder and the Company. This Contract does not create any right or legal relationship between the Company and any person covered under the Plan. The Company's sole liability under this Contract is to the Contract Holder. Any and all reimbursements payable under this Contract will be made solely to the Contract Holder. This Contract will not be deemed to make the Company a party to any contract or agreement between the Contract Holder and a third party.

Plan Document

The Contract Holder will provide to the Company a complete copy of the Plan document governing the Plan. The Contract Holder will submit to the Company, in writing, any proposed change to the provisions of the Plan. This must be submitted to the Company at least thirty (30) days prior to the effective date of the proposed change. The Company will have the right to modify premium rates and/or Monthly Aggregate Deductible Factors if the Company determines that its liability under this Contract has been affected by the change in the Plan. If the Company and the Contract Holder cannot reach agreement with respect to the Plan changes, the Plan change will not affect the Company's liability under this Contract and the Contract will be administered as if the Plan had not changed. The Company's liability under this Contract will not be affected by any such changes made to the Plan unless and until the Company has sent its written approval of such changes to the Contract Holder or its agent.

Third Party Administrator

The Contract Holder may retain a Third Party Administrator to perform some or all of its duties under this Contract. Such Third Party Administrator must be named in the Renewal Application of Stop Loss Insurance Coverage which is attached to and made part of this Contract. The Third Party Administrator must be approved by the Company to perform the Contract Holder's duties under this Contract.

Without waiving any of its rights under this Contract, and without making the designated Third Party Administrator a party to this Contract, the Company agrees to recognize the Third Party Administrator as the agent for the Contract Holder. The Third Party Administrator is not the agent of the Company. Notwithstanding its appointment of a Third Party Administrator, the Contract Holder is still obligated to see to the timely performance of its duties and obligations under this Contract. Furthermore, the Contract Holder will hold the Company harmless from any liability arising from or related to any negligence, error, omission or malfeasance by the Third Party Administrator.

The Contract Holder may change its Third Party Administrator to a Third Party Administrator acceptable to the Company. The Contract Holder must provide written notice to the Company at least sixty (60) days prior to the effective date of change. Any changes to the designated Third Party Administrator without prior written approval by the Company will cause this Contract to automatically terminate as provided for in Termination Provision.

Reporting

The Contract Holder will submit by the fifteenth (15th) day of each month all proofs, reports and supporting documents requested by the Company, including but not limited to, a monthly summary of all eligible claim payments processed by the Contract Holder and the total number of Covered Units covered under the Plan during the prior month. The Contract Holder will be responsible for the investigation, audit, calculation and payment of all claims incurred under the Plan.

The Contract Holder will furnish the Company with information required by the Company pertaining to the risks covered under this Contract. Such information must be received by the Company in a form and during a time period satisfactory to the Company.

Records

The Contract Holder will maintain records of all Covered Persons under the Plan during the Contract Period. The Contract Holder will make all records available to the Company as needed for the Company to determine its liability under this Contract.

Audit

The Company or its authorized representative will have the right to audit, at its own expense, the records of the Contract Holder, the Third Party Administrator or any other person who is responsible for the administration of the Plan pertaining to the matters which affect the Company's liability under this Contract. The Contract Holder agrees that payment of any reimbursements under this Contract will be conditioned upon the results of any audit requested by the Company.

Clerical Error

Clerical error, whether by the Contract Holder or the Company, in keeping any records pertaining to the coverage, will not invalidate coverage otherwise validly in force nor continue coverage otherwise validly terminated. Any clerical error in the data that the Contract Holder or its agent provided to the Company must be corrected and promptly reported to the Company. The Company will within fifteen (15) days of receipt of corrected data decide the corrective course of action under the terms of Misstated Data provision below.

Concealment, Fraud

This entire Contract will be void:

1. If, before or after making any reimbursement, the Company determines that the Contract Holder or its agent has concealed or misrepresented any material fact or circumstance concerning this Contract, including any losses under the Plan; or
2. In any case of fraud by the Contract Holder or its agent.

Misstated Data

The Company has relied upon the underwriting information provided by the Contract Holder or its agent in the issuance of this Contract. If the Company subsequently learns of information which was known but not disclosed prior to the issuance of the Contract, and such information would have affected the premium rates, Monthly Aggregate Deductible Factors, Specific Deductible(s) or Aggregate Deductible(s), terms or any other conditions of coverage, the Company will have the right to:

1. Rescind the Contract as of the Effective Date. In the event of Contract rescission, the Company's sole liability will be to return any monies given by the Contract Holder as consideration for this Contract and less any claims or other expenses paid by the Company under this Contract. If such amounts paid by the Company are greater than the amount of refund due the Contract Holder, the Contract Holder shall pay the amount of the deficit to the Company within thirty (30) days notice from the Company.
2. Adjust the premium rates, Monthly Aggregate Deductible Factors, Specific Deductible(s) or Annual Aggregate Deductible respectively, terms or any other conditions for coverage as of the Effective Date by providing written notice to the Contract Holder.

Insolvency

The insolvency, bankruptcy, financial impairment, receivership, voluntary plan of arrangement with creditors, or dissolution of the Contract Holder or its Third Party Administrator will not impose on the Company any liability other than the liability defined in this Contract. The insolvency of the Contract Holder will not make the Company liable to the creditors of the Contract Holder, particularly the Covered Persons under the Plan.

Liability

The Company will not have any obligation under this Contract to directly pay any Covered Person or any provider of services or supplies to a Covered Person. The Company's sole liability is to the Contract Holder. Nothing in this Contract will be construed to permit a Covered Person or any provider of services or supplies to a Covered Person to have a direct right of action against the Company. The Company is not a party to the Plan or to any modifications thereto. The Contract Holder may not assign reimbursements under this Contract and the Company will not recognize any such assignments.

Provider Network(s)

The Contract Holder or Third Party Administrator will provide to the Company a complete listing of Provider Network(s). The Contract Holder or Third Party Administrator must submit to the Company, in writing, any proposed change in their Provider Network(s). This must be submitted to the Company at least sixty (60) days prior to the effective date of the change. The Company will have the right to modify premium rates and/or Monthly Aggregate Deductible Factors if the Company determines that its liability under this Contract has been affected by the change in the Provider Network(s). The Company's liability under the Contract will not be affected by any such changes made to the Provider Network(s) unless and until the Company has sent its written approval of such changes to the Contract Holder or its agent.

Taxes

The payment of reimbursement under this Contract will not include:

1. Any taxes which might be paid or payable by the Contract Holder; or
2. Any tax liability, interest or penalty imposed by any regulatory or taxing authority.

In addition, the Contract Holder agrees to:

1. Hold harmless the Company from any tax liability assessed against the Company on the basis of the coverage provided under the Plan other than any tax levied upon the Company for premium due under this Contract; and
2. Reimburse the Company for the amount of any such tax liability, interest, penalty or cost incurred by the Company as the result of such tax assessment. Such reimbursement shall be due and payable when the Contract Holder receives the Company's notification that reimbursement is due.

Notice

For the purpose of any notice required from the Company under the provisions of this Contract, notice to the Third Party Administrator will be considered notice to the Contract Holder, and notice to the Contract Holder will be considered notice to the Third Party Administrator. For the purpose of any notice requirement from the Contract Holder under the provisions of this Contract, neither notice from the Contract Holder to the Third Party Administrator nor notice from the Third Party Administrator to the Contract Holder will be considered notice to the Company.

Subrogation

The Company has the right to recover any and all payments that the Company has made to the Contract Holder under this Contract from any person or entity that has been found to make, or is obligated to make in the future, a First and/or Third Party payment to a Covered Person as the result of an accident or illness caused by the negligence of another party. If the Contract Holder recovers any monies from any source for any loss for which the Contract Holder received payment under this Contract, the Company will be reimbursed on a priority basis from such recovery to the extent of the Company's payments to the Contract Holder before the Contract Holder is entitled to a recovery. This obligation of the Contract Holder to the Company survives the termination of this Contract and is applicable even if the Contract has expired and/or been terminated.

In the event the Contract Holder does not pursue all available recovery sources, then the Contract Holder's right of subrogation against a Covered Person transfers to the Company and the Contract Holder will at all times cooperate with the Company in their recovery efforts. Further, there can be no deduction of the amounts due the Company for legal fees, or any costs associated with the recovery of these payments without the express written agreement of the Company prior to the matter being settled or these costs being incurred. In addition, if there is to be a settlement for any portion of the funds that is less than 100% of the amount(s) paid to the Contract Holder by the Company, any such agreement must be first approved by the Company, or its designated representative, before the Contract Holder agrees to such a settlement with any other person or entity.

Other Insurance

The amounts otherwise payable under this Contract shall be reduced by the amount of any reimbursement or indemnity which the Contract Holder may be entitled to receive with respect to the Company's liability under this Contract.

Time to Sue

No suit, action or proceeding against the Company for the recovery of any claim will be sustained in any court of law or equity unless: the Contract Holder has fully complied with all the provisions of this Contract and legal action is started within 12 months after the end of the Benefit Period.

Hold Harmless

The Contract Holder agrees to indemnify and hold the Company harmless for any amounts paid or incurred for legal expenses, costs, reasonable settlements, or judgments arising out of any dispute involving a Covered Person or by any third party; provided that such legal expenses, costs, settlements, or judgments were not incurred as a result of the sole negligence or intentional wrongful acts by the Company.

Conformity to Statute

Any part of this Contract that conflicts with state law is automatically changed to conform to that law.

Waiver

Failure of the Company to strictly enforce its rights under this Contract shall not waive any such right, regardless of the frequency or similarity of the circumstances.

EXCELLUS HEALTH PLAN, INC.

RENEWAL APPLICATION FOR STOP LOSS INSURANCE COVERAGE

1. Applicant (Contract Holder): **Horseheads Central School District**
Address: **1 Raider Lane**
City, State, Zip Code: **Horseheads, NY 14845**
2. Proposed Effective Date: **07-01-2011**
3. Coverage Applied For: **Specific and Aggregate Stop Loss Insurance**

SCHEDULE OF STOP LOSS INSURANCE

1. Contract Period from **07/01/11** through **06/30/12**
2. Enrollment (Covered Units) at Effective Date: **731 For Specific Stop Loss, 1003 For Aggregate Stop Loss**
3. Specific Stop Loss Coverage: Yes No
 - a. Claims Basis: Incurred and Paid (12/12) Paid Run-In (15/12)
 Run-Out (12/15) Other _____
 - b. Benefit Period: Eligible Plan Benefits Incurred from **07/01/11** through **06/30/12**
and Paid from **07/01/11** through **09/30/12**
 - c. Specific Deductible per Covered Person: **\$130,000**
 - d. Lifetime Limit of Liability per Covered Person: **\$Unlimited**
 - e. Specific percentage reimbursable after Deductible: **100%**
4. Aggregate Stop Loss Coverage: Yes No
 - a. Claims Basis: Incurred and Paid (12/12) Paid Run-In (15/12)
 Run-Out (12/15) Other _____
 - b. Benefit Period: Eligible Plan Benefits Incurred from **07/01/11** through **06/30/12**
and Paid from **07/01/11** through **09/30/12**

c. Aggregate percentage reimbursable after Deductible:	100%
d. Monthly Aggregate Deductible Factors:	
Employee/Composite	\$1,371.55
e. Minimum Annual Aggregate Deductible:	\$16,507,976
f. Limit of Liability for the Contract Period:	\$1,000,000
g. Loss Limit per Covered Person for the Contract Period:	\$130,000

5. Premiums:

a. Specific Stop Loss Coverage:

Rate per Employee/Composite Covered Unit per Month	\$43
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b. Aggregate Stop Loss Coverage:

Rate per Employee/Composite Covered Unit per Month	\$3
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6. Plan Benefits Included:

a. Specific Stop Loss Coverage:

- Medical
- Free Standing Drug Program
- Other: _____

b. Aggregate Stop Loss Coverage:

- Medical
- Free Standing Drug Program
- Dental
- Vision
- Other: _____

7. Contract Holder's Affiliates/Subsidiaries included under this Contract: **None**

8. Contract Holder's Retirees included under this Contract: Yes No

9. Third Party Administrator: **Excelsus Health Plan**

If coverage is accepted, this SCHEDULE OF STOP LOSS INSURANCE will become part of the Contract.

The applicant hereby applies for Stop Loss Insurance Coverage and:

1. Represents that the answers included in this Application for Stop Loss Insurance Coverage have been reviewed and are true and complete; and
2. Understands and agrees that the insurance applied for shall not become effective until the Application for Stop Loss Insurance Coverage is approved by the Company and the initial premium deposit is received.
3. Understands and agrees that any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.

This Application for Stop Loss Insurance Coverage will become part of the Contract.

Applicant (Contract Holder): **Horseheads Central School District**

By: _____

Title: _____

Date: _____