

Non Subscription Presentation

May 4, 2006

*Exclusively in Texas

Texas is unique among states in allowing companies to elect not to participate – or *non-subscribe* – to the Workers Compensation system.

What is Non Subscription?

- ◆ Non Subscription coverage is an alternative coverage to statutory WC:
 - Non subscription in Texas has been authorized since 1917.
 - Section 406.002 of the Texas Labor Code.
 - Premiums and claims costs lower than traditional WC.
- ◆ Policy has several components that provide benefits associated with WC that yield more control for employers:
 - Medical coverages in excess of \$1 million, subject to prompt injury reports and medical management.
 - Wage replacement available to age 65.
 - AD&D coverage with limits available up to 10x salary.
 - Other controls and cost benefits available

Who are the Non Subscribers?

- ◆ More than 1 out of 3 Texas employers – 16% of the workforce – opts out of WC.
 - 114,000 businesses, large and small
 - All across Texas
 - Spanning a variety of industries:
 - Retail
 - Manufacturing
 - Service
 - Agriculture

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Such as...?

- ◆ Brinker International (Chili's, Romano's, Macaroni Grill)
- ◆ Continental Airlines
- ◆ HEB
- ◆ Luby's Cafeterias
- ◆ Jiffy Lube
- ◆ American Airlines
- ◆ Many others, large and small

Why?

- ◆ In a recent survey, 80% of respondents consider non subscription coverage a better value than WC
- ◆ 55% decline in workplace injuries reported at Non Subscription vs. WC employers
- ◆ Non subscriber coverage endorsed by the Texas Association of Businesses

Is it Hard to Non-Subscribe?

No...

1. File an annual form with the Texas Department of Insurance.
2. Post notice in the workplace – in both English and Spanish.
3. Advise your employees.

We've got all the forms and notices for your company.

What are some of the differences between WC and Non Subscription?

Non Subscriber Employers can:

- ◆ Define limits and benefits for employees.
- ◆ Exercise greater control over claims.
 - Medical bill repricing is better than “reasonable and customary”.
 - Direction of care permitted
- ◆ Be governed by ERISA rather than state law.
 - Plan determines benefits paid.
 - Immediate injury reporting required.
 - Mediation/binding arbitration of legal claims is mandatory.
- ◆ Employee must prove injury is job-related to collect benefits under ERISA
- ◆ Employer involvement in claims process welcomed and encouraged

*All these advantages are instrumental
in the fight against fraudulent claims
(especially soft-tissue injuries).*

ERISA Plan Required?

- ◆ Yes, but it's provided, at no charge.

Out-of-State injuries covered?

- ◆ Yes, this is nationwide coverage.

Safety Plan Available?

- ◆ Yes, we'll refer you to a qualified professional, who will assist in setting up a management-oriented Safety Plan.

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What About “Legal” Coverage?

- ◆ Limited Employers Indemnity (LEI), an essential component of a successful program
- ◆ Indemnifies employer for potential negligence liability in excess of other policy benefits paid for medical...disability...dismemberment...or death
- ◆ Covers legal defense costs outside policy limits up to a maximum of \$100,000
- ◆ Coverage amounts up to \$1 million per person, \$2 million aggregate.

Accident Insurance Services policy offered by

**Fort Dearborn Life
(BlueCross BlueShield)**

which carries an A+ XV rating.

Limited Employers Indemnity coverage
is offered by Dallas National.
Rated A- by A.M. Best

*We have the expertise to assist
you in making the sale.*

Questions...?

Please contact us at:

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