

EXPLANATION OF MONTHLY PAYROLL SELF-REPORTING PLAN AND THE DUTY OF THE INSURED TO REPORT ALL PAYROLL

All ChoiceComplus participants must utilize the monthly payroll self-reporting plan. This plan is designed to insure that the issuing company is paid most or all premium that is due on a current basis therefore eliminating large and often uncollectible audit premiums. It also has the effect of apportioning premium payments in such a manner that makes it easier for the insured to make his payments he pays more when he works more and pays less when he works less.

This plan requires the insured to pay the amount shown on the Program Cost Indication sheet in order to bind coverage. Generally, this amount is 1/12 of estimated annual premium plus the annual expense constant in order to bind coverage though in some states and for some accounts other fees or dues could be payable. Thereafter, the insured will receive a “Monthly Payment Invoice” that will show premium due plus a monthly payroll self-reporting fee of between \$10 and \$20 per month and in some cases CAUSE dues depending on the jurisdiction involved. The premium due on the first Monthly Payment Invoice will be 1/12 of estimated annual premium but the premium due on all subsequent invoices will be based on actual payroll for the prior monthly reporting period. The actual amount of fees and dues to be billed will be shown on the CHOICECOMPLUS “Cost Indication Page” attached to the Premium Quote.

For insureds with an anniversary rating date of January 1 each year, the insured will receive a “Renewal Invoice” in November in lieu of the regular Monthly Payment Invoice. This “Renewal Invoice” will be mailed directly to the insured and will be in addition to the renewal quote which will be mailed to the agent of record. This invoice will show premium due for November plus the monthly payroll self-reporting fee, the annual expense constant and in certain jurisdictions and for certain accounts a program renewal or loss control fee. This “Renewal Invoice” will inform the insured that upon payment of the “TOTAL AMOUNT DUE” the insured will be deemed to have renewed his insurance coverage and association membership for the next calendar year.

For insured’s with an anniversary rating date other than January 1st, the insured will receive the “Renewal Invoice” in the 11th month of coverage in lieu of the regular “Monthly Invoice”. This invoice will in every respect other than the its date be identical to the Renewal Invoice for insureds with a January 1 rating date.

THE WILFUL OR KNOWING FAILURE OF THE INSURED TO REPORT ALL APPLICABLE PAYROLL FOR A GIVEN PAYROLL PERIOD UNDER THE PROPER PAYROLL CLASSIFICATION CODE IS A CRIME AND APPROPRIATE ACTION WILL BE TAKEN AGAINST THE INSURED FOR SUCH ACT OR ACTS.

Questions concerning this billing method PRIOR TO BINDING should be discussed with your AUI underwriter. Questions AFTER THE ACCOUNT HAS BEEN BOUND should be directed to the AUI billing department.

I have read and understand the contents of this billing explanation sheet.

Signature of Agent: _____ Date: _____

Signature of Insured: _____ Date: _____