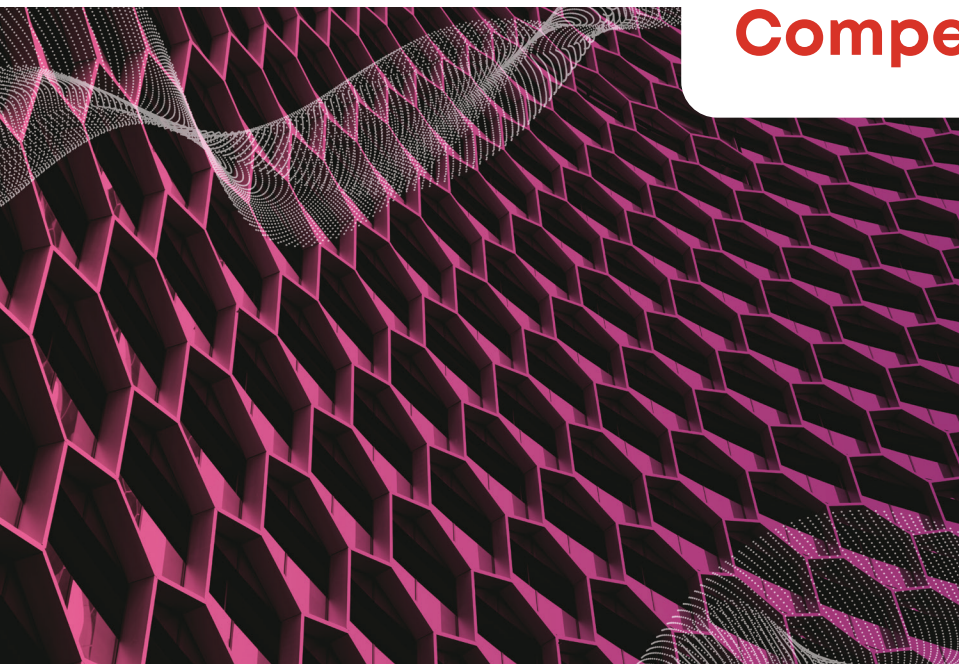




Artex | Carrier
Outsourcing

PEO Workers' Compensation Programs





THE ART OF RISK

At Artex, we believe there is more to alternative risk management. As a trusted leader and provider of diverse (re)insurance and ILS solutions, our global team operates at the intersection of art and science—where creative thinking meets expertise and where superior outcomes are made. That's how we're able to fully understand our clients' needs and deliver the most comprehensive solution set available.

Established in more than 35 domiciles internationally, we're here to help you make empowered decisions with confidence, reduce your total cost of risk and improve your return on capital. At Artex, we believe in finding you a better way.

PEO Workers' Compensation Solutions

ARTEX MANAGES MORE THAN 113,000 CLIENT LOCATIONS COAST TO COAST FOR OUR PEOs.

Our online client management platform allows professional employer organizations (PEOs) to transact their workers' compensation business with ease, enabling them to meet their client needs in a highly responsive manner.

Our approach

Agility: We can respond quickly to changing risk and economic conditions affecting PEOs, and adjust insurance structures to maintain the highest level of relevancy.

Diligence: We pay meticulous attention to detail and efficiency. Our proprietary online client management and underwriting systems, specifically designed for the PEO industry, maximize administrative expediency and efficiency.

Vision: We identify and deliver alternatives and creative risk transfer approaches that best fit the distinctive insurance objectives unique to each PEO.

Integrity: We strictly adhere to the highest professional standards and provide completely objective recommendations.

Combined strength: Artex is a wholly owned subsidiary of one of the world's largest insurance and risk services firms. Our carrier partner, Zurich, rated "A+" by A.M. Best, is one of the world's largest insurance companies. Our long-standing partnership enables us to deliver unsurpassed strength and stability to the PEO industry.

Expertise: Our team members are experts in constructing and managing PEO workers' compensation programs. Artex and Zurich deliver industry-leading capabilities for PEOs, ranging from smaller, more entrepreneurial firms to some of the nation's largest PEOs.

MIDDLE-MARKET PEO WORKERS' COMPENSATION PROGRAM

Artex accommodates a broad range of white-, gray- and light blue-collar classifications, including light industrial, manufacturing and some artisan contractors. Qualifying PEOs must have a solid management team with proven expertise in the PEO industry, and a discernible commitment to underwriting and safety. PEOs must also have the ability to accurately and clearly describe underlying client company exposures, as well as provide transparent, tangible loss histories and a credible financial history.

Artex maintains underwriting authority and prices these transactions with agents. Accounts are written on a guaranteed cost basis.

All PEOs must have broker representation to access this program.

- Established: 1995
- Territory: National
- Minimum premium: \$100,000

Preferred characteristics

- Solid management team with proven expertise (three or more years) in the PEO industry
- Management commitment to underwriting and safety
- Ability to accurately and clearly describe underlying client company exposures
- Transparent, tangible loss history and credible financial history

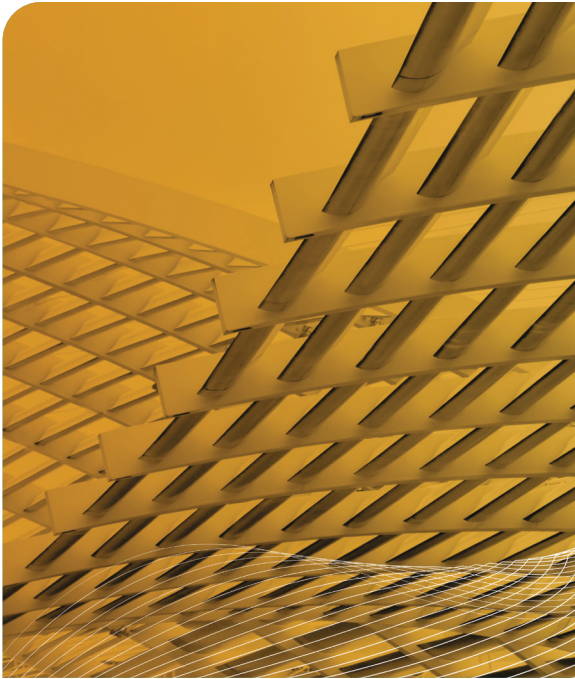
Eligible classes

- White-, gray- and light blue-collar exposures, including light industrial/manufacturing and some artisan contractors

Ineligible

- Heavy construction emphasis, Hazard Group 4, transportation, warehousing, home health, assisted living, nursing homes, check-cashing facilities, pawn shops, 24-hour convenience stores





LARGE RISK PEO PROGRAM

In conjunction with Zurich North America, Artex manages the nation's leading loss-sensitive PEO workers' compensation program. PEOs in this program range from local firms to those that are truly national in scope. Organizations that qualify for this program should have a minimum workers' compensation premium of \$3 million and at least three years of audited financial statements.

Pricing negotiation and program design are conducted directly with Zurich North America's casualty division. As Zurich's servicing partner, Artex is responsible for initial underwriting of the PEO, and its underlying client companies and structuring policies for compliant issuance. Artex also provides post-binding administration, including underwriting and tracking of client-company additions and deletions, policy and certificate issuance and management, and auditing of the insured PEO.

Coverage is provided through various loss-sensitive formats with a retained risk minimum of \$250,000. Common structures include paid or incurred loss deductibles as well as other alternative risk arrangements.

Qualifying PEOs are granted limited underwriting authority to add clients without any preapproval process. The addition or deletion of client companies is done in an expedient online environment.

All PEOs must have broker representation to access this program.





Large risk program eligibility

Because the minimum retention is \$250,000, we are able to entertain a broad array of classes.

- Eligible class codes range from white-collar to blue-collar risks.
- Qualifying PEOs will have a balanced book of business and adequate spread of risk.
- PEOs heavily weighted in construction or transportation are typically declined.

Ineligible

- Severity exposures, such as material work at heights
- Long-haul transportation
- Exposures with emerging occupational disease risk (i.e., silica)
- PEOs with significant Hazard Group 4 risks

Preferred characteristics

- Three years of audited financial statements demonstrating strong financial performance
- Solid management team with proven expertise in the PEO industry
- Employer Services Assurance Corporation (ESAC) certification and/or having achieved certification for workers' compensation best practices by the Certification Institute definitely viewed favorably; our program serves more ESAC member companies than any other carrier
- Demonstrable risk management acumen/infrastructure in terms of risk selection and loss control
- Ability to accurately and clearly describe underlying client company exposures
- Transparent tangible loss history

WORKERS' COMPENSATION PROGRAMS FOR PEOs

Artex, as a program administrator for Zurich North America, has provided stable, responsive workers' compensation solutions to leading PEOs since 1995. We're experienced in the full spectrum of risk management alternatives. From guaranteed cost to loss sensitive, an insurance solution is available or can be designed to fit a client's specific risk management and financial objectives.

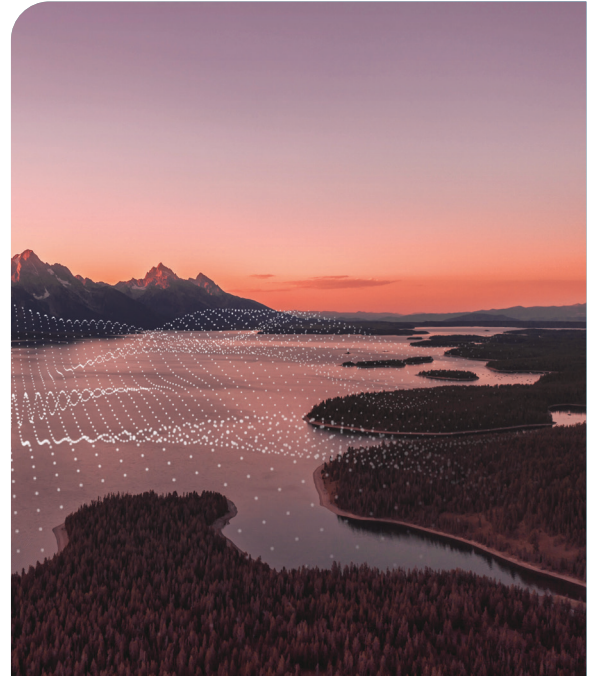
Our combination of long-term industry specialization, unparalleled expertise and financial strength enables Artex to provide creative, consistent and competitive workers' compensation solutions to the PEO industry.

WHAT WE LOOK FOR

Underwriting requirements

Program eligibility and underwriting will be based on the following criteria:

1. Signed, completed ACORD applications for PEO and individual policy clients
2. Signed, completed NCCI ERM-14 (confidential disclosure of ownership identifying any and all related entities)
3. Completed supplemental Artex underwriting assessment forms
4. Organizational chart and résumés of key management personnel
5. Complete and thorough list of currently active client companies of the PEO, including but not limited to the following essential data (preferably in a Microsoft Excel format)
 - a. Client name and DBA for each client company, if any
 - b. PEO client number for each client operation
 - c. Estimated annual payroll by classification code and state at the client-company level
 - d. Physical address for each client operation (including each client location level)
 - e. Detailed employee counts at the client-company level and by location for concentration of risk purposes
 - f. Detailed description of each client-company's operations
6. Five years of currently valued insurance carrier or third-party administrator-generated summary loss runs for the PEO in the aggregate, as well as any entity acquired by the PEO for each of the past five years; for loss stratification and frequency analysis, loss runs should be broken down to the client-company and claimant level
7. Detailed explanation of all losses above \$25,000 for each of the past five years for PEOs applying for the middle-market guaranteed cost program; PEOs applying for coverage in the loss-sensitive/large risk program should provide a large loss description for losses in excess of \$75,000
8. Audited payroll summary for each of the past five years for the PEO, as well as for any entities acquired by the PEO
9. PEOs seeking coverage in the middle-market guaranteed cost program should provide three years of complete financial statements, audited preferred but not required; PEOs applying for loss-sensitive/large risk program should provide three years of audited financial statements





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Artex provides risk transfer consultation and alternative risk management solutions for our clients. When providing analysis, recommendations or advice regarding risk implications and risk transfer strategy, we offer it as general recommendations for risk mitigation and to limit financial exposures. Any statement or information provided is for informational purposes and is neither intended to be, nor should it be interpreted as, insurance broker, tax, financial, legal or client-specific risk management or mitigation advice. We recommend consultation with tax, legal and financial advisors for business-specific advice for your company.

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