



Program Management Provided By  
**Wells Fargo Insurance Services**



## **Associated Employers Trust (AET) 2011/2012 Underwriting Guidelines & Assumptions**

### **Producer Eligibility**

- 1) All insurance professionals must be accredited with one or more of the Benefit Programs through the Associated Employers Trust to receive a proposal or place business. The accreditation requires all producers to maintain the following:
  - a. Provide proof of E & O insurance.
  - b. A current Washington state insurance license (Life and Health).
  - c. Current endorsed carrier appointments.
  - d. A signed producer accreditation agreement must be on file with Wells Fargo Insurance Services. No commission can be paid until the producer is fully credentialed.
  - e. All accredited producers must be members in good standing with the Benefit Program(s) endorsed sponsor at the time a case is placed with Associated Employers Trust.
- 2) Associated Employers Trust will honor Broker of Record Letters within thirty days of receipt. The new Broker of Record will be required to be fully accredited with one or several of the Associated Employers Trust's endorsed sponsors. Broker of Record Letters and Letters of Authorizations (Search Letters) will only be accepted from fully-accredited AET producers. Broker of Record changes require the producer to be fully accredited with AET. Among other requirements, the producer must have one active group with AET at time of transfer.
- 3) Producer commissions are 5% for medical, WDS dental, vision and compulsory life/AD&D. For additional commission details please reference the following link: [AET Producer Commission Schedule](#).

### **Group Eligibility**

- 1) All companies must be an active, dues-paying member of an AET endorsed sponsor to obtain or renew coverage through AET. Proposals issued to qualified prospective groups are released on the condition that membership will be secured by the prospective group prior to the insurance placement with AET. Proof of membership is required.
- 2) An enrolling group must be headquartered in Washington state. Additionally, at least 51% of the enrolled employees must reside in the areas serviced by ODS Health Plan, Inc. There can be no more than 10% of the group enrolled in any specific state outside of the service area.

- 3) Available only to employers with five or more enrolling employees.
- 4) Employee's of groups defined as a Sole Proprietorship or Partnership must work a minimum of 50% of its working days during the proceeding calendar quarter. These individuals are eligible for coverage if they are full-time, active in the business and 75% of the owner's income is derived from the business.
- 5) All AET selected product offerings must have the same anniversary date. Additional lines of coverage can be added off-anniversary however these policies will renew on one common renewal date.
- 6) In the event of the termination of the Trust with ODS Health Plan, Inc. by either party, whether at the end of the contract period as stated above or before, all individual member groups of the Trust also terminate at the same time as the Trust.

#### AET Proposal Pricing Options:

- 1) Standard Rates – No requirement for the employer group to participate in the AET Wellness Program, however, the employer group must join the appropriate AET Benefit Program and remain an active member.
- 2) Wellness Credit – An employer group can achieve monthly premium savings if the group selects to participate in the AET wellness program and meets the 2011-2012 Wellness Program requirements. These requirements are described in the AET proposal cover letter accompanying each released AET proposal and as posted in the following link: [Wellness Toolkit](#)
- 3) Preferred Industry Rates – The employer group must provide documentation indicating they are a member in good standing with an ALLtech Endorsed Sponsor for the entire duration of the group's contract year to qualify for ALLtech Preferred Rates. If the group's membership ceases mid-plan year, the group will be re-rated and would be billed under the applicable rates as presented in the group's original ALLtech sold effective date proposal.

#### **Employee Eligibility**

- 1) An eligible employee must be permanent, full-time and work a minimum of 20 hours per week. Seasonal, temporary, part-time (working under required minimum hours to receive benefits) or contracted employees are excluded. 100% of eligible employees must have workers compensation coverage, except those legally not required to be covered by workers compensation coverage.
- 2) Commissioned salespeople and independent contractors whose earnings are reported on IRS form 1099 are not considered eligible employees. Eligible employees must be reported on the company's regular payroll and appear on their quarterly report of wages filed with the Washington State Employment Security Department.
- 3) Employees who choose not to enroll themselves or their dependents when initially eligible, must wait until the next open enrollment unless a qualifying event occurs. For voluntary life,

guarantee issue amounts are only available to new employees within the first 31 days of eligibility. A member group can only make changes to their eligibility hours or probationary period at their anniversary date.

- 4) The Associated Employers Trust administers common eligibility between all lines of coverage. Dependent eligibility must flow through the enrolled subscriber (employee). To clarify, if a spouse (or domestic partner if applicable) or dependents are to be covered, their coverage must be identical to the subscriber's (employee's) coverage.
- 5) Retirees, including early retirees, are not eligible for coverage unless otherwise specified.
- 6) Group eligibility policies may vary by employer. AET only requires the employer to meet the minimum eligibility qualifications.

### **Additional Guidelines and Assumptions**

- 1) The company must contribute a minimum of 50% towards the employee premium. For non-contributory products such as basic life/AD&D, the employer must pay 100% of the employee premium.
- 2) For employer sponsored medical, dental, or vision plans, a minimum of 75% of all eligible employees must participate within each member group. Employee waivers will be required. Qualified reasons for waiving coverage are coverage under spouse, TRICARE, Medicare as primary, collective bargaining unit, Christian Scientist or under COBRA provisions.
- 3) The minimum group size to offer bundled medical, dental, eap, basic life/AD&D, disability or vision coverage is five enrolling employees.
- 4) A minimum of \$15,000 basic life/AD&D coverage is compulsory and is included with all medical products offered through AET.
- 5) WDS dental coverage may be sold on a stand-alone basis, as long as the group has a minimum of 10 enrolling employees.
- 6) Rates will be guaranteed for twelve months, regardless of the group's effective date with the exception of products added off anniversary, any change in employer contribution, employee eligibility, or probationary period, an enrollment change of 10% in any single month or 25% in any three consecutive months, or if COBRA enrollment exceeds 10% of the total membership. This assumes there are no regulatory or related legislative changes that affect the benefits provided through AET.
- 7) Groups of 10 or more may select dual choice within ODS Health Plan, Inc. product offerings. A minimum of two employees must enroll on each plan. Please see the ODS dual choice matrix for available plan combinations.

- 8) Rates quoted assume that none of the deductible, coinsurance or co-payments will be self-insured by the company, except those specifically identified as such.
- 9) Requests for proposals are due by the 10<sup>th</sup> of the month prior to the requested effective date. A copy of either a Letter of Authorization (Search Letter) or Broker of Record Letter will be requested from each producer in a multiple producer quoting scenario. New business paperwork is due the 15<sup>th</sup> of the month prior to the effective date (except for January 1 renewals which are due on the 10<sup>th</sup> of December).
- 10) An AET Group Health Risk Questionnaire is required with each request for proposal. At new case submission, groups are required to provide an updated HRQ.
- 11) Proposed rates are based on the census provided. Final rates are based on actual enrollment, pending verification and approval by the program manager of the trust. AET reserves the right to adjust rates for a new member group if any information is different from the original quote. AET reserves the right to decline coverage if the group does not meet all the established underwriting guidelines.
- 12) New employer coverage will be effective the first of the month.
- 13) Proposals are based on only one classification of employees and one probationary period for all employees unless otherwise clearly specified in the request for proposal. Participating employers with less than 10 employees are not eligible for multiple classifications and/or probationary periods. Multiple employee classifications must be nondiscriminatory and preclude individual selection by the employer or the employees.
- 14) AET will only accept Group Master Applications from one legal entity in which a true employer/employee relationship exists with all eligible employees. Documentation substantiating this relationship may be requested.
- 15) Standard benefits, contractual and administrative practices of ODS Health Plan, Inc. shall apply. Participating employer's prior plan shall not be duplicated.
- 16) This quote is contingent upon the condition that ODS Health Plan, Inc. is the only carrier of medical coverage offered.
- 17) All claims incurred prior to the effective date will be the liability of the prior carrier.
- 18) This quote assumes that we will not be subject to extraterritorial mandates (i.e., not subject to the benefits or the administrative mandates of a state outside of the state the contract is issued in). This quote may be subject to underwriting review in the event an extraterritorial mandate applies.

### **Health Savings Account (HSA) Underwriting Assumptions**

- 1) All underwriting assumptions previously released remain applicable, unless specifically superseded by the underwriting assumptions within this document.

- 2) In the event of dual option plans (wherein ODS Health is the sole carrier), the dual choice matrix must be followed.
- 3) HSA plans are quoted with prescription plan design included.
- 4) The HSA plan cannot be offered alongside a medical plan underwritten by another carrier.
- 5) The employer may fund up to 100% of the deductible.
- 6) The rates do not include any transaction and/or administrative fees charged directly by the HSA administrator.
- 7) Rollover funds combined with HSA contributions cannot exceed federal limits.
- 8) The HSA product is only available in the ODS Health service area.

### **Health Reimbursement Account (HRA) Underwriting Assumptions**

- 1) Any medical plan can be paired with the HRA of the employer's choice.
- 2) The employer contribution to the HRA fund can not exceed 50% of the medical plan deductible.

### **Additional Life and Disability Underwriting Assumptions**

- 1) The guarantee issue for Basic Life/AD&D is \$50,000.
- 2) The guarantee issue for Basic Life/AD&D is \$100,000 for 1 x base annual earnings plan. The guarantee issue is \$200,000 for the Basic Life/AD&D 2 x base annual earnings plan.
- 3) A one-time open enrollment will be allowed at each group's renewal. Late enrollees who apply after 31 days of initial eligibility will be subject to approved evidence of insurability. All prior declined amounts of coverage will remain declined.
- 4) Voluntary Life/AD&D coverage is available to groups of ten or more employees. Participation requirement of 20% or greater will be assessed after the benefits have been placed for one year and will be calculated based on the number of employees electing this benefit.
- 5) Voluntary Life/AD&D is available to employee and spouse. The spouse benefit volume and eligible increment is 50% of the employee's.
- 6) Voluntary Life/AD&D increments are available in \$25,000 increments to \$150,000 with a guaranteed issue amount of \$25,000. (The spouse increment is \$12,500 to \$75,000 with a GI of \$12,500)
- 7) Voluntary Life/AD&D increments, for the preferred industry (ALLtech), are available in \$10,000 increments to \$500,000 with a guaranteed issue amount of \$50,000. (The spouse increment is \$5,000 to \$250,000 with a GI of \$25,000)

- 8) If any Buy-Up Life/AD&D plan option is elected, it is in addition to the Compulsory Benefit of \$15,000 Life/AD&D.
- 9) Life/AD&D plans are not offered on a stand-alone basis.
- 10) Employees must be actively working on the effective date of the employer group benefit plan.
- 11) Proposed rates are based on the schedule of benefits and census provided. Rates are subject to change pending final enrollment.
- 12) The proposal is only a summary. Actual benefits and plan conditions are subject to issued contract.
- 13) Life plan features include: Waiver of Premium, Accelerated Benefit, and Conversion Privilege.
- 14) AD&D plan features include: Seat Belt Provision, Speech and/or Hearing Benefit.
- 15) Employees must be enrolled in the Voluntary Life/AD&D plan for dependents to be eligible for the benefit coverage.
- 16) Age Reduction Schedule benefits reduce to 50% at age 50, 65% at age 65 and age 70, to terminate or to retirement.
- 17) For multiple of pay Buy-Up Life option premium and benefit calculation purposes, employee salaries will be rounded to the next highest \$1,000 increment if not a multiple of \$1,000 already.
- 18) Until Evidence of Insurability (EOI) is approved by The Standard, the Guarantee Issue amounts above will be the coverage amount in force and used for benefit payment and billing purposes. Once the EOI has been approved in writing by The Standard, the next scheduled monthly premium billing will reflect the approved amount and will be billed the first of the month following the date that the EOI was approved. However, the approved amount of coverage will be effective on the date the EOI is approved by underwriting.
- 19) No person may be insured as an employee and a dependent at the same time. Or a dependent of more than one employee.
- 20) Short and Long Term Disability Plans are only available to employer groups with five or more enrolling employees.
- 21) Disability Plans are non-contributory. 100% of all eligible employees must enroll, regardless of Medical enrollment.

**This is a general overview of the Underwriting Guidelines & Assumptions for the Associated Employers Trust. Should there be any discrepancy, the contract between the Associated Employers Trust and the insurance carriers will be the determining underwriting document.**