

# STRATEGIC TEXAS EMPLOYER PROTECTION

Underwritten By ACE American Insurance Company

The STEP program provides Occupational Accident Insurance and Employers Indemnity Coverage to Texas Employers. It is a cost-effective and innovative alternative to employers who opt out of the Texas workers' compensation system.

## OCCUPATIONAL ACCIDENT COVERAGE:

- Accident Medical Expense Benefits
- Weekly Disability Benefits
- Accidental Death, Dismemberment and Paralysis Benefits (AD&D)

## EMPLOYER INDEMNITY COVERAGE:

- Amounts paid to obtain a release of liability or settle a claim for workplace negligence brought by a covered employee as the result of a covered injury.
- Amounts paid to satisfy a judgment for an Employer Indemnity Claim.
- Defense costs and expenses related to an Employer Indemnity Claim.

## ADDITIONAL BENEFITS (available as an option):

- Occupational Disease and Cumulative Trauma Coverage
- Waiver of Subrogation
- Owned Aircraft Coverage
- Pilot and Crew Member Coverage
- Terrorism Coverage

## AVAILABLE LIMITS:

- Combined Single Limits (CSL) from \$100,000 to \$2,000,000 per person per occurrence
- AD&D Benefit is limited to the lesser of: 10x salary, the CSL, or \$500,000
- All defense costs are paid outside and in addition to the CSL maximum.
- Deductibles from \$1,000 per person per occurrence
- Benefit Periods of 52, 104, or 156 Weeks
- Disability pays 75% of salary up to \$600/wk, after a 7 day elimination period (retroactive to the first day of disability)
- Per Occurrence Aggregates up to \$10,000,000
- Annual Aggregates up to \$25,000,000

## CARRIER AND POLICY FORM:

- Insurance Carrier is rated "A+" Superior by A. M. Best. This rating is an indication of the company's financial strength and ability to meet obligations to its insureds.
- Admitted Policy Form
- Available on a "reimbursement" or "pay-on-behalf of" basis
- Available through Group I or Local Recording Agents

### DISCLAIMER – THIS IS NOT A POLICY OF WORKERS' COMPENSATION INSURANCE.

THE EMPLOYER DOES NOT BECOME A SUBSCRIBER TO THE WORKERS' COMPENSATION SYSTEM BY PURCHASING THIS POLICY, AND IF THE EMPLOYER IS A NON-SUBSCRIBER, THE EMPLOYER LOSES THOSE BENEFITS WHICH WOULD OTHERWISE ACCRUE UNDER THE WORKERS' COMPENSATION LAWS. THE EMPLOYER MUST COMPLY WITH THE WORKERS' COMPENSATION LAWS IT PERTAINS TO NON-SUBSCRIBERS AND THE REQUIRED NOTIFICATIONS WHICH MUST BE FILED AND POSTED.

## DESCRIPTION OF COVERAGE

The payment of these benefits is subject to the Combined Single Limit, Aggregates, Deductibles, Benefit Maximums and Coverage Periods elected by the employer and shown in the schedule of benefits of the actual Policy.

### **ACCIDENT MEDICAL EXPENSE BENEFITS**

The Policy will reimburse the employer for Accident Medical Expense Benefits for Covered Expenses that result directly, and from no other cause, from bodily Injury that results from a Covered Occurrence within the Time Period for Initial Loss. The amount paid under Accident Medical Expense Benefits is subject to the Maximum Benefit elected by the employer. This amount will accumulate to the Combined Single Limit and will be less any reimbursements made for the Covered Person under the Policy for the same Covered Occurrence. No benefits will be paid for any expenses that are in excess of Usual, Customary and Reasonable Charges, are not Medically Necessary, or any expenses that are eligible for payment or reimbursement under any other medical expense plan or policy.

### **WEEKLY DISABILITY BENEFITS**

The Policy will reimburse the employer for Weekly Disability Benefits, if a Covered Person is Temporarily Disabled within the Time Period for Initial Loss by an Occupational Injury that is a direct result of, and from no other cause but, a Covered Occurrence. The amount paid under this benefit is subject to the Maximum Benefit elected by the employer. This amount will accumulate to the Combined Single Limit and will be less any reimbursements made for the Covered Person under the Policy for the same Covered Occurrence.

### **ACCIDENTAL DEATH, DISMEMBERMENT & PARALYSIS BENEFITS**

If, while covered under the Policy, a Covered Person suffers one of the following losses within the Time Period for Loss and as a result of an Occupational Injury, the Policy will reimburse the employer up to the appropriate corresponding benefit. If multiple losses occur, only one benefit amount, the largest, will be paid for all losses due to the same Covered Occurrence. Any amount reimbursed under this benefit will accumulate to the Combined Single Limit and will be less any reimbursements made for the Covered Person under the Policy for the same Covered Occurrence. The Principal Sum is limited to the lesser of: (a) 10 times annual base salary, exclusive of bonuses, overtime & commission; (b) the Combined Single Limit Benefit Maximum; or (c) \$500,000.00.

#### Covered Loss:

Life  
Quadriplegia  
Two or more members  
One member  
Hemiplegia  
Paraplegia  
Thumb and index finger (same hand)

#### Benefit:

The Principal Sum  
The Principal Sum  
The Principal Sum  
½ the Principal Sum  
½ the Principal Sum  
½ the Principal Sum  
¼ the Principal Sum

"Member" means Loss of Hand or Foot, Loss of Sight, Loss of Speech, and Loss of Hearing.

### **EMPLOYER INDEMNITY PROTECTION**

The Policy will reimburse amounts in excess of the deductible for damages that arise from a claim of workplace negligence made by a Covered Person or by a Covered Person's spouse or children as beneficiaries of a deceased employee. Damages include all reasonable amounts paid to obtain a release of liability, to settle a claim, to pay a judgment, and to reasonably defend, mediate, or arbitrate an action for workplace injury. It includes settlements, court costs, interest on judgments, investigations, adjustments expense, mediation, arbitration and legal expense to defend the claim of a Covered Person. Damages covered under the Policy do not include mental or emotional injury, mental anguish or mental or emotional stress, regardless of whether the injury, anguish or stress is covered by the employer's plan. Also, it does not include the employer's office expenses or salaries of Covered Persons or employees. The amount reimbursed under this coverage will accumulate to the Combined Single Limit and will be less any other benefits paid or reimbursed for a Covered Person under the Policy.

## **LEGAL DEFENSE**

The Carrier has the right and the duty to defend any suit against the employer for claims based on an Occupational Injury. The employer must immediately notify the Carrier of any lawsuit served or written demand made by any Covered Person. Defense counsel will be appointed by the Carrier. No other party has the right to employ counsel to represent the Carrier's interest. All defense costs are paid outside and in addition to the CSL maximum.

## **LIMITS OF LIABILITY**

The Policy will pay benefits or reimburse payments only for the amount in excess of the deductible up to the limits in the Policy. We may reduce the amounts of payments applied to the deductible if we determine they are in excess of Usual, Customary, and Reasonable charges. In no event will the Policy be required to pay benefits below the deductible. The Policy shall have no obligation to reimburse any sum under the Policy until the deductible is satisfied. If the Covered Person is protected against any loss covered under the Policy by any other insurance, indemnity, or reimbursement contract, the Policy shall apply only in excess of the other contract of insurance, indemnity, or reimbursement.

The Combined Single Limit for any one Covered Person is the most the Policy will pay or reimburse for payments made to any one Covered Person whether payments or reimbursements are made under one or more of the benefits provided by the Policy for any one Covered Occurrence. The aggregate per Covered Occurrence is the most the Policy will pay or reimburse for the amounts paid to or on behalf of all Covered Persons who suffer Occupational Injury as a result of any one Covered Occurrence. The Policy aggregate limit is the most the Policy will pay or reimburse for payments made to, or on behalf of, any or all Covered Persons for claims incurred during the Policy Term. These limits include any and all amounts payable for defense costs of a claim under the Employer Indemnity Coverage.

## **REQUEST FOR QUOTATION**

We make every effort to be flexible when underwriting risks for this program; however, as with all insurance products, we must adhere to certain guidelines. Please submit your request for quotes prior to the desired effective date with the following information:

- Full legal name and address of the group.
- Nature of business.
- Tax ID number.
- Requested CSL maximum, deductible, and benefit period.
- Total number of employees currently on payroll or being reported to the State Employment Commission. Please break the total employee count down by class. (All employees must participate, with 100% of the cost paid by the employer.)
- A complete detailed job description of each employee (remember job titles are not the same as job descriptions), or the applicable occupational code. Please note, we cannot include 1099 / independent contractors under the Policy.
- Estimated monthly payroll, broken down by occupational code.
- Past three years claims experience under any occupational injury plan, indicating whether the plan covered accidents only or accidents and occupational diseases. The more detailed the experience, the better underwriting we will be able to do. Include the number of claims involved, the amounts filed, the amounts paid, and amounts pending. If possible, separate death & dismemberment, disability, medical, and indemnity losses.
- Employer's Liability claim history is required, with details on any workplace negligence suits.
- Groups may be eligible for a safety discount, if by the effective date of coverage, the employer implements a qualified safety program.

For your convenience, you may request our "Fax-A-Quote" form from your Marketing Representative to facilitate your request for quote.

## **POLICY AND PREMIUM REQUIREMENTS**

- Minimum Group Size: 2 lives
- Minimum Monthly Premium: \$100.00
- Monthly Administrative Fee: \$30.00
- Policy or Enrollment Fees: None
- ERISA Plan Document Fee: \$100.00 to \$250.00
- Maximum Covered Payroll: \$5,000.00 per month any one person
- Payroll used to calculate premium should be based on actual gross payroll, exclusive of bonuses, overtime and commission, for the calendar month immediately preceding the premium due date.

## **ADMINISTRATION**

Special Insurance Services, Inc. (SIS) is the third party administrator for the STEP program. SIS acts on behalf of the Carrier. Once coverage is bound, SIS will issue a Policy, along with an ERISA plan document and Summary Plan Description, as well as all the necessary forms for the employer.

## **PREMIUM PAYMENTS**

The initial rates are guaranteed for 12 months. The first Premium is due on the Policy Effective Date. After that, premiums will be due monthly unless We agree on some other method of premium payment. The amount of premium due can fluctuate from month to month due to changes in coverage, payroll, or the number of covered persons. SIS will send a supply of premium reporting forms after coverage is bound, which are used to calculate and report premium to ACE American Insurance Company. Please note a minimum monthly premium of \$100 applies to keep the Policy in force. If any premium is not paid when due, the Policy will be canceled as of the Premium Due Date after a 31 day grace period.

## **ERISA REQUIREMENTS**

An occupational injury plan established by an employer is subject to the Employee Retirement Income Security Act of 1974 (ERISA). Therefore, this product is only available to employers that maintain an ERISA plan for occupational injuries. SIS will provide the employer with all necessary forms to roll-out a new ERISA plan to its employees. The Plan will include an arbitration agreement, so that any dispute arising between an injured employee and the employer can be resolved exclusively by binding arbitration. **It is the responsibility of the employer to implement the ERISA plan and arbitration program to all current and future employees. This is an integral part of the program and the Carrier will require proof of roll-out.**

## **CLAIMS ADMINISTRATION**

SIS is the claims administrator for the program. Therefore, all claims should be sent to our office for processing. SIS will adjudicate the claims on behalf of the employer's ERISA plan. If the charges are under the deductible amount of the Policy, we will request funding from the employer.

## **PPO NETWORKS**

The use of a PPO network is voluntary. Employees are not required by our plan to use certain providers, however we do have access to a network and certain bills will be sent to the PPO for repricing. Fees for repricing amounts under the deductible shall be the responsibility of the employer.

**This information is a brief description of the important features of the insurance plan. It is not a contract of insurance. The policy will provide the actual terms, provisions, conditions and exclusions of the insurance coverage provided under form number AH-18093. The policy is subject to the laws of the state in which it was issued. Please keep this information as a reference.**

## **UNDERWRITTEN BY:**



**ACE AMERICAN INSURANCE COMPANY  
Philadelphia, Pennsylvania**

ACE American Insurance Company is a member of the ACE group of companies and is rated A+ Superior, based on an analysis of financial position and operating performance, by A. M. Best Company, an independent analyst of the insurance industry. This rating is an indication of the company's financial strength and ability to meet obligations to its insureds.

## **ADMINISTERED BY:**

# **SIS**

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***SPECIAL INSURANCE SERVICES***