



ASSURANT
Health

Take Control *of Health Care Costs*

HRA

*Health Reimbursement Arrangement
Plans for Small Employer Groups*

Time Insurance

Now You Can Take Control



The number one concern for small business owners providing employee benefits is the high cost of medical insurance. Employers want to provide comprehensive major medical protection but they need it to be affordable. Time Insurance has an exciting strategy to provide employers with both the coverage and affordability they seek.

Time's strategy combines a Clear Choice high deductible major medical plan, underwritten by Fortis Insurance Company, with a Health Reimbursement Arrangement so you can:

- Save on premium - *up to 25%*
- Provide tax deductions
- Improve cash flow
- Meet employee coverage needs
- Achieve company benefit goals

Health Reimbursement Arrangements

A **Health Reimbursement Arrangement – or HRA** – is a tax-favored program that allows you to reimburse employees for a portion of their federally approved medical expenses, typically by covering part of their deductible.

You can fund the reimbursements using premium savings gained by switching from an expensive, low deductible plan to an economical, high deductible plan.

HRA Advantages for Employers

- Reimbursements are **tax deductible**.
- You **do not need to pre-fund** an account. Reimbursements may be made from your business' general account. This flexibility allows for **greater control of cash flow**.^{*†}
- If the employee terminates, you can **retain ownership** of the funds.[†]
- You have **great flexibility** in HRA plan designs.^{*†}

You determine:

- The maximum annual reimbursement. There is no pre-set government limit.[†]
- Who pays deductible expenses first – your employees or you through your HRA reimbursements.[†]
- Whether unused funds can be rolled over to the next year, and if so, the amount that can be rolled.^{*†}

- Encourages employees to be **smarter consumers** of health care services.*

* Advantage over Flexible Spending Account

† Advantage over Health Savings Account

Streamlined HRA Administration

Choose an expert HRA administrator that makes employee reimbursements easy.

The best and smartest choice is **Employee Benefits Corporation (EBC)**. EBC offers administrative expertise, technological excellence and a 15-year track record of providing exceptional customer service nationwide.

EBC Advantages

- No HRA setup fee or separate monthly service fees to pay*
- Electronic claims for prompt, accurate reimbursements
- Personalized plan design and ongoing support
- An optional debit card (Benny Card) to pay for prescriptions, available at no additional cost
- Other tax-saving Section 125 plans available at no additional cost
- Reimbursements mailed or deposited directly to employee accounts
- Easy-access Web site (www.fichra.com) and toll-free customer service line (1-877-HRA-9696)



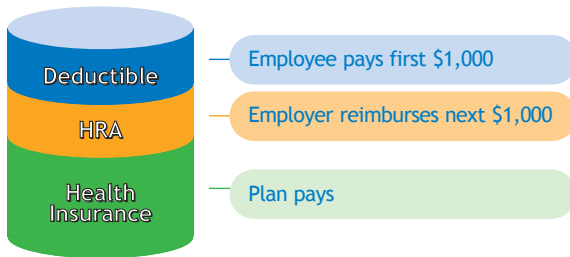
* Must be combined with a specially designed Clear Choice HRA plan and employees must be responsible for paying at least 50% of the deductible.

HRA Design Examples

EBC can help you select an HRA design that fits your goals.

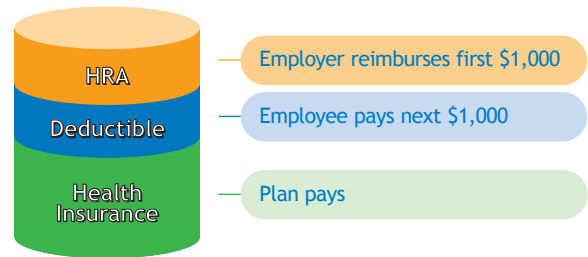
Design A - Employee Pays First

Benefits: Employer saves the most money. Encourages responsible use of health care services.



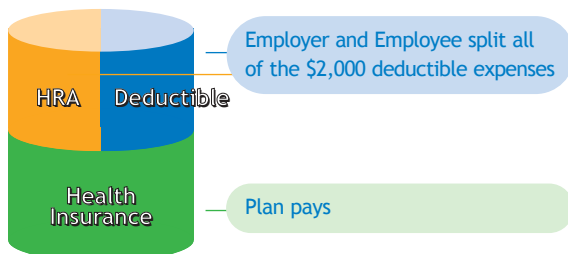
Design B - Employer Pays First

Benefits: Provides first-dollar coverage for employees. Can help assure a smooth transition to a high deductible plan.



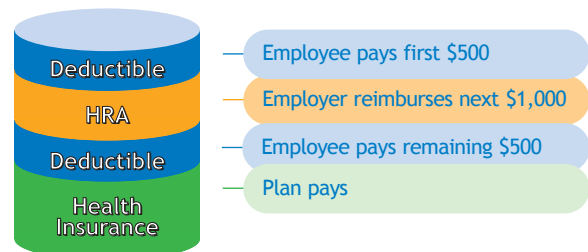
Design C - Split Deductible

Benefit: Offers a "middle ground" plan in which expenses are shared from the onset.



Design D - Sandwich Deductible

Benefit: Employee deductible is divided in two. The initial employee portion can mirror the group's current plan deductible.



Health insurance plan pays at selected rate of payment after deductible. Once the out-of-pocket limit is reached, the plan pays at 100%. The above examples provide summary information which illustrates how an HRA may be used with a high deductible medical plan.

Clear Choice Plans for Use with HRAs

Maximize premium savings with a high deductible plan.

Creating your Clear Choice HRA high deductible plan is easy!

- 1 Select the appropriate plan type.
- 2 Select the desired benefit payment structures.
- 3 Select additional coverages or programs to enhance plans.

Plan Types	
<ul style="list-style-type: none"> ■ PPO Plans 	<p>PPO Plans feature physician and hospital networks. Clear Choice offers a variety of excellent national and regional PPO networks.</p>
<ul style="list-style-type: none"> ■ Traditional Indemnity Plans 	<p>Traditional Indemnity Plans are best suited for those who live and work outside a PPO network area. Plans are subject to usual and customary charges.</p>

Benefit Payment Structures																															
<ul style="list-style-type: none"> ■ Lifetime Maximum Choices 	\$2,000,000	\$5,000,000	\$8,000,000																												
<ul style="list-style-type: none"> ■ Annual Deductible Choices 																															
<ul style="list-style-type: none"> <ul style="list-style-type: none"> Single Deductible Family Deductible 	\$1,200	\$2,000	\$2,500	\$3,000	\$3,500	\$4,000	\$5,000	\$10,000																							
	\$2,400	\$4,000	\$5,000	\$6,000	\$7,000	\$8,000	\$10,000	\$20,000																							
<ul style="list-style-type: none"> ■ Family Deductible Accumulation 	<p>You select the way in which money accumulates toward the deductible for family coverage.</p>																														
<ul style="list-style-type: none"> <ul style="list-style-type: none"> Popular, choice for \$1,200 - \$3,000 deductibles Good choice for \$3,500 or higher deductibles 	<p>1) Common Family Deductible The entire family deductible must be satisfied before benefits are paid for any family member.</p> <p>2) Individual Deductible with a Family Maximum This is the accumulation method used by most medical insurance plans. When a covered person satisfies his or her individual deductible, the plan pays all additional covered expenses for that person. Expenses for other covered family members are combined to satisfy the remainder of the family deductible.</p>																														
<ul style="list-style-type: none"> ■ Rate of Payment (ROP) and Annual Out-of-Pocket Limit Choices (OOP) 	<table border="1"> <thead> <tr> <th>Network</th> <th>ROP</th> <th>OOP</th> <th>Non-Network</th> <th>ROP</th> <th>OOP</th> </tr> </thead> <tbody> <tr> <td></td> <td>100%</td> <td>\$0</td> <td></td> <td>70%</td> <td>\$1,500</td> </tr> <tr> <td></td> <td>80%</td> <td>\$1,000</td> <td></td> <td>50%</td> <td>\$2,500</td> </tr> <tr> <td></td> <td>50%</td> <td>\$2,500</td> <td></td> <td>50%</td> <td>\$5,000</td> </tr> </tbody> </table>	Network	ROP	OOP	Non-Network	ROP	OOP		100%	\$0		70%	\$1,500		80%	\$1,000		50%	\$2,500		50%	\$2,500		50%	\$5,000	<p>Out-of-pocket limits do not include the deductible, access fees or copays. The family out-of-pocket limit is two times the single limit.</p>					
Network	ROP	OOP	Non-Network	ROP	OOP																										
	100%	\$0		70%	\$1,500																										
	80%	\$1,000		50%	\$2,500																										
	50%	\$2,500		50%	\$5,000																										

Not all plan payment combinations are available. Ask your agent for details. Refer to the state Brochure Supplement or the State Variations for state specific plan information.

Clear Choice HRA Plan Benefits

Provide broad protection including wellness benefits in addition to extensive inpatient and outpatient coverage.

The plan covers charges for healthcare services that are either medically necessary to treat a covered illness or injury – or are covered wellness services.

All covered services are subject to the selected plan deductible and rate of payment unless otherwise indicated in the Benefits Chart. With PPO plan types, covered services from a network provider are paid at the selected rate of payment after the deductible. Covered services received from non-network providers are subject to the selected deductible, usual and customary charges and the non-network rate of payment. Variations are indicated in the Benefits Chart. Indemnity plans are subject to usual and customary charges.

All covered services are subject to the selected plan deductible and rate of payment unless otherwise indicated in the Benefits Chart.

Clear Choice HRA Plan Benefits	
<ul style="list-style-type: none"> Wellness Services Routine physical exam, well-child care to age 16, immunizations EKGs, Treadmill, Proctosigmoidoscopy Outpatient preventive x-ray and lab tests 	PPO Plans - No separate dollar maximum <i>Non-network</i> : Not covered Indemnity Plans Maximum benefit of \$300 per person per calendar year
	PPO Plans <i>Network</i> : Covered at 100%, subject to contract schedule <i>Non-network</i> : Not covered Indemnity Plans Subject to deductible and \$300 wellness maximum
	PPO Plans <i>Network and non-network</i> : Subject to deductible and network rate of payment
<ul style="list-style-type: none"> Physician Services 	Diagnosis and treatment including surgery and anesthesia
<ul style="list-style-type: none"> Emergency Treatment Emergency Room 	PPO Plans <i>Network and non-network</i> : Subject to deductible and network rate of payment
	\$50 access fee - waived if admitted
<ul style="list-style-type: none"> Emergency Ambulance 	Ground or air ambulance services to the nearest hospital that can treat the illness or injury PPO Plans <i>Network and non-network</i> : Subject to deductible and network rate of payment
<ul style="list-style-type: none"> Outpatient X-ray and Lab Tests 	PPO Plans <i>Network and non-network</i> : Subject to deductible and network rate of payment
<ul style="list-style-type: none"> Maternity 	Vaginal and medically necessary cesarean section deliveries, prenatal and post-partum care and amniocentesis Optional for groups of 3-9 - included for groups of 2 and 10 or more
<ul style="list-style-type: none"> Outpatient Prescription Drugs 	A preferred pricing card is used at time of purchase. A discount may be given on covered prescription drugs when filled at a network pharmacy. The network pharmacy electronically reports paid covered expenses which are then applied to the deductible and rate of payment. Once the deductible and out-of-pocket limit are satisfied, the insured is reimbursed for the prescription.

Clear Choice HRA Plan Benefits *(continued)*

<ul style="list-style-type: none"> ■ Hospital Services 	<p>Inpatient: semi-private room and board, intensive care, special care units, x-ray and lab procedures, ancillary hospital services</p> <p>Outpatient: services provided by a hospital, medical center or ambulatory surgical center</p>
<ul style="list-style-type: none"> ■ Transplants 	<p>Kidney, cornea and skin transplants (Type 1) covered in the same manner as any other illness</p> <p>Heart, lungs, heart/lung, liver, kidney/pancreas and bone marrow transplants (Type 2) covered as follows:</p> <ul style="list-style-type: none"> -- Designated Transplant Facility - Paid up to maximum plan benefit -- Non-designated Transplant Facility (<i>network</i>) - Paid up to a maximum of \$100,000 per organ -- Non-designated Transplant Facility (<i>non-network</i>) - Subject to non-network rate of payment and \$100,000 per organ maximum
<ul style="list-style-type: none"> ■ Rehabilitation 	<p>Inpatient: up to 30 days per person per calendar year</p> <p>PPO Plans <i>Network and non-network:</i> Subject to deductible and network rate of payment</p> <p>Outpatient: up to 60 visits per person per calendar year</p> <p>Back/Spine/Neck: up to 20 visits per person per calendar year</p>
<ul style="list-style-type: none"> ■ Home Health Care 	<p>Up to 160 hours per person per calendar year</p> <p>Covered at 100% and not subject to deductible</p>
<ul style="list-style-type: none"> ■ Skilled Nursing Facility 	<p>Up to 30 days per person per calendar year</p> <p>PPO Plans <i>Network and non-network:</i> Subject to deductible and network rate of payment</p>
<ul style="list-style-type: none"> ■ Hospice 	<p>Inpatient or outpatient services</p> <p>Covered at 100% and not subject to deductible</p>
<ul style="list-style-type: none"> ■ TMJ 	<p>\$1,000 lifetime maximum</p>
<ul style="list-style-type: none"> ■ Supplies and Equipment 	<p>Oxygen, whole blood and blood components, casts, splints, trusses, crutches, orthopedic braces, prosthetic devices, non-motorized wheelchair</p> <p>PPO Plans <i>Network and non-network:</i> Subject to deductible and network rate of payment</p>
<ul style="list-style-type: none"> ■ Mental Illness, Nervous Disorders and Substance Abuse 	<p>Inpatient: covered at 50% up to \$5,000 per year for all providers</p> <p>Outpatient: covered at 50% up to \$1,000 per year for all providers</p> <p>There is a \$5,000 combined maximum benefit per person per calendar year for all inpatient and outpatient treatment.</p> <p>These expenses do not apply toward meeting the out-of-pocket limit nor does the rate of payment increase to 100% if the out-of-pocket limit is met.</p>
<ul style="list-style-type: none"> ■ Family Protection Package Survivor Benefit 	<p>Additional protection for dependents at no additional cost</p> <p>If a covered employee dies, the premium for surviving dependents is waived for up to one year.</p>
<ul style="list-style-type: none"> Dependent Life 	<p>Life coverage is included for all dependents as follows:</p> <ul style="list-style-type: none"> - \$2,500 for spouse - \$1,000 for dependent children ages 6 months and older - \$100 for dependent children ages 15 days to 6 months

Security and Savings from Time Insurance

Security

With Time Insurance, you get the peace of mind that comes from dealing with a company that:

- Is a leader in consumer choice products for small businesses
- Has sold and serviced health insurance plans for over 110 years
- Is rated Excellent (A-) by A.M. Best Company

A.M. Best is a rating organization that evaluates insurers' financial strength. The rating represents the organization's opinion of Fortis Insurance Company's ability to meet its ongoing obligations to policyholders, based on a comprehensive quantitative and qualitative evaluation, of a company's balance sheet strength, operating performance and business profile.

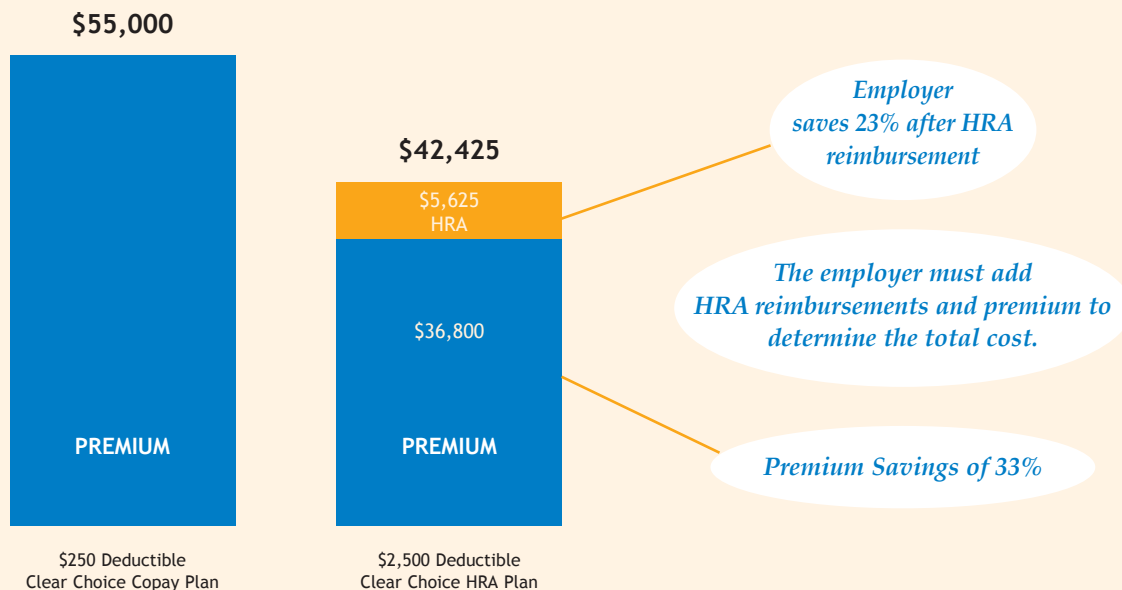
Savings

A Clear Choice high deductible plan:

- Delivers premium savings of up to 25% — even more depending on deductible and rate of payment choices — versus a typical Clear Choice copay plan
- Offers quality major medical coverage including extensive inpatient, outpatient and wellness benefits

See how much a small group can save by switching from a Clear Choice Copay Plan to a Clear Choice HRA Plan.

HRA Total Cost Comparison Example



A healthy group typically requires fewer reimbursements — the employer saves more!

Employer HRA reimbursement figures used in the example are based on national claim cost distribution and group size.

The annual premium is based on an example using a 12-person group with a mix of single and family PPO coverages in Illinois, ZIP 60601 using 10/04 rates. Actual premiums will differ based on factors including health status, group size, census and location and are subject to change. Example includes assumptions of: 1) 25% utilization of HRA funds by employees and 2) the HRA plan design is based on the employee paying his/her portion of the deductible first (Design A). Actual reimbursements will differ based on HRA plan design and the medical costs of those insured.

This information is not intended as tax or legal advice. Contact your tax or legal advisor with any questions.

Clear Choice Options

Tailor your plan with options that meet your group's needs.

Accident Medical Expense (AME) Benefit

AME can be a smart way to transition to a high deductible plan.

Many groups have healthy members who typically don't use health care services. But even healthy people can't avoid all accidents, which can raise concerns about a high deductible. The optional AME benefit relieves employee concerns about covering unexpected injuries.

Covered persons have 100% first-dollar coverage – up to the selected benefit amount – for treatment of an accidental injury received within 90 days of the accident. Treatment in excess of the selected benefit amount, or which occurs more than 90 days after the accident, is subject to the selected deductible and rate of payment.*

■ AME Benefit Choices

\$300 \$500 \$1,000 \$2,000 \$5,000[†]

[†]Only available with \$5,000 and \$10,000 deductible plans

Outpatient Prescription Drug Options

Add this popular option if you want the convenience of a prescription drug copay program.

Covered employees and dependents receive a prescription drug card and have a separate drug deductible and drug copay. Once the annual drug deductible is satisfied, the covered person is responsible for paying the generic or brand copay each time a prescription is filled.*

■ Drug Deductible Choices

\$0 \$100 \$250 \$500

The family deductible is three times the individual deductible.

■ Drug Copay Choices

\$15/\$45/\$60 \$15/\$35 + 20%/\$50 + 20%

(generic/preferred brand/non-preferred brand)

■ Preferred Pricing

Includes many "lifestyle" prescription drugs not covered by Clear Choice

■ Mail Order Service

Convenient home delivery of up to a 90-day supply of selected maintenance medications for two times the regular copay

Save the most in premium with a Preferred Pricing Drug Card.

If you want an HRA plan but need to lower your premium even more, you can replace prescription drug coverage with a Preferred Pricing Drug Card. The card provides a discounted rate for many covered outpatient prescriptions at network pharmacies. Drugs are not covered under the Clear Choice plan and consequently are not applied to the annual deductible or out-of-pocket limit.

Employee Choice Program

Offer employees a choice of plans.

Use Employee Choice to offer your employees a choice of up to four different plans or to accommodate remote employees who live outside the area served by the primary PPO network.

Refer to the Employee Choice Insert (Form 27058) for details.

Waiting Period

The waiting period, or affiliation period, is the amount of time all new employees have to wait before being covered under your Clear Choice plan.

■ Waiting Period Choices:

30 Days 60 Days 90 Days 120 Days 150 Days 180 Days

* Option available at an additional cost.

Limitations and Exclusions Summary

Pretreatment Review

When a covered person needs inpatient treatment or outpatient surgery, he/she must call a health representative to receive authorization. The toll-free telephone number appears on the insurance ID card. If authorization is not received, a penalty of 25% of the charge up to \$1,000, could be applied. There is no coverage for Type 2 transplant cases that are not authorized. Pretreatment review is not a guarantee of coverage.

Pre-existing Conditions

A pre-existing condition is a condition, regardless of cause, for which medical advice, diagnosis, care or treatment was recommended or received during the six months prior to the enrollment/effective date. A condition is considered pre-existing whether or not it is disclosed on the enrollment form. Pre-existing conditions are not covered for 12 months, unless continuity of coverage or takeover provisions apply.

Takeover Provisions

If Clear Choice is replacing an existing group major medical plan, those employees covered by the prior plan receive base plan deductible and pre-existing conditions limitation credit.

Continuity of Coverage

If one or more of your employees had prior creditable/qualifying coverage through a plan other than your group plan, credit towards the pre-existing conditions waiting period is given for the time covered under that prior plan, provided there has not been a break in coverage of 63 or more consecutive days (excluding any waiting period).

Prescription Drug Information

If a covered person receives a covered brand drug when a generic equivalent is available, benefits are considered based upon the price of the generic equivalent.

If a covered person purchases a covered generic or brand prescription outside of the pharmacy network, he or she needs to submit a claim to the pharmacy network administrator. Benefits are considered based upon the usual and customary reimbursement for the cost of the drug at a network pharmacy.

Exclusions Summary

Clear Choice does not provide benefits for:

- Treatment not listed in the Covered Medical Services section
- Routine hearing care, routine vision care, glasses, contact lenses, vision therapy, surgery to correct vision, routine foot care or orthotics
- Dental care not related to an injury; jaw alignment conditions or malformations
- Cosmetic services; experimental treatment; complications of an excluded service
- Charges by a health care practitioner who is an immediate family member (you, your spouse, children, brothers, sisters, parents and their spouses) or who resides with a covered person; charges for which a covered person is not liable
- Charges reimbursable by Medicare, Worker's Compensation, automobile carriers; expenses for which other coverage is available
- Behavioral modification; smoking cessation; weight reduction; sexual dysfunction; sex transformation; educational testing or training
- Infertility; genetic testing; surrogate pregnancy; growth treatment; sterilization reversal; elective abortions
- Custodial care; private nurse; masseuse; phone consultations; over-the-counter products; vitamins; herbal medicines
- Services performed outside of the United States (except for emergency treatment)
- Illness or injury caused by war, commission of crime, attempted suicide or self-inflicted injury



ASSURANT Health

Assurant Health
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Milwaukee, WI 53203

Due to the broad flexibility allowed by the law, some items may be reimbursable through an HRA but not covered by Clear Choice and consequently are not applied to the plan deductible. HRAs are not available to self-employed individuals, which generally include partners in partnerships. In addition, the Internal Revenue Service has previously ruled that a shareholder/employee who owns more than 2% stock of an S corporation is treated like a partner – not an employee – for purposes of the employee fringe benefit provisions of the tax law. Owners in this situation may want to ask their agents about the benefits of a Health Savings Account (HSA). Owners may be able to establish an HSA for themselves and an HRA for employees.

This brochure is designed to provide information regarding the subject matter covered. It is provided with the understanding that Fortis Insurance Company and its subsidiaries are not engaged in rendering tax or legal advice. If tax or legal advice is required, seek the services of a competent professional.

For information on qualified medical expenses, refer to Internal Revenue Service (IRS) Publication 502 titled, "Medical and Dental Expenses", Catalog Number 15002Q. Publications can be ordered from the IRS by calling 1-800-TAX-FORM (1-800-829-3676) or visiting their Web site at www.irs.gov.

Products are presented by Time Insurance and underwritten by Fortis Insurance Company.

Master Policy Form Numbers are P97.100.POL.ZZ, P99.100.POL.LA, P99.100.POL.MN or P99.100.POL.SD.

For Texas, Master Policy Form Numbers are P97.100.POL.AG, P97.100.POL.CN, P97.100.POL.FI, P97.100.POL.MF, P97.100.POL.SV, P97.100.POL.WR

About Assurant Health

In business since 1892, Assurant Health provides health insurance coverage for more than one million people nationwide. Assurant Health develops and provides a wide range of individual medical, small group, short term and student health insurance products, as well as non-insurance products.

Assurant Health also provides consumer-choice products such as Health Savings Accounts and Health Reimbursement Arrangements. With almost 3,000 employees, Assurant Health is headquartered in Milwaukee, Wis., and has operations offices in Minnesota, Idaho, and Florida, as well as sales offices across the country. Assurant Health products are underwritten and issued by Fortis Insurance Company, John Alden Life Insurance Company and Fortis Benefits Insurance Company. The Assurant Health Web site is www.assuranthealth.com.

Assurant Health is part of Assurant, which offers specialized insurance products and related services in North America and selected other markets.

Its four key business units – Assurant Employee Benefits; Assurant Health; Assurant Preeed; and Assurant Solutions – have partnered with clients who are leaders in their industries and have built leadership positions in a number of specialty market segments and in the U.S. and selected international markets.

Assurant is traded on the New York Stock Exchange under the symbol AIZ. The Assurant Web site is www.assurant.com.

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