



Middle Market PEO Workers Compensation Overview and Underwriting Criteria

In late 2007 Cedar Hill merged with Artex Risk Solutions, Inc., and is now known as Artex Cedar Hill. Acting in our capacity as Zurich North America's program administrator to the PEO sector, Artex Cedar Hill has consistently provided exceptional workers compensation underwriting services to the PEO industry's finest companies for over 12 years.

Policy structures include guaranteed cost and an array of loss sensitive options. Whether your PEO is an early stage or mature company, Artex Cedar Hill offers innovative workers compensation solutions to the evolving PEO industry.

With a combination of PEO industry specialization and financial strength, we have the resources to fulfill your expectations for the long run.

Please direct all inquiries and submissions to:

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Underwriting shall 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 – include any and all related entities)
3. Completed supplemental Artex Cedar Hill Underwriting Assessment forms.
4. Organizational chart and resumes of key management.
5. Description of marketing plan, strategic affiliations, related affinity groups.
6. Complete and thorough list of current active client-companies of PEO, including but not limited to the following essential data (preferably in an MS Excel format):
 - A. Client name and D/B/A for each client company, if any
 - B. PEO client # for each client operation
 - C. Estimated annual payroll by class code and state at the client-company level.
 - i) Physical and mailing address for each client operation (including at each client location level).



- D. For concentration of risk purposes, provide detailed employee counts at the client-company level, and by location.
- E. Detailed description of each client-company's operations. We strongly encourage you to provide more than a short sentence description. Our underwriting team requires a highly detailed understanding of each client's operation.
- F. Specifically identify if the client of PEO does or does not have:
 - International exposures
 - Aviation exposures
 - Defense base exposures
 - USL&H exposures
 - Nuclear exposures
 - FELA or any other rail exposures
7. Currently valued, insurance carrier or Third Party Administrator ("TPA") generated summary loss runs for PEO in the aggregate, as well as for acquired entity by PEO, if any, for each of the past five years. For loss stratification and frequency analysis, ideally loss runs are broken down to the client-company level and claimant level.
8. Detailed explanation of all losses above \$25,000 for each of the past 5 years.
9. Audit payroll summary for each of the past 5 years for PEO, as well as for acquired entity by PEO, if any.
10. Please provide year-to-date and previous 2 years audited financial statements with auditor's notes. Artex Cedar Hill understands not all companies have audited statements, and many have an accounting firm review and compile their year-end statements. Reviewed and compiled statements will suffice. To the extent neither of the foregoing is available, Artex Cedar Hill requests current year-to-date and preceding 2 year's end income statements, balance sheets, and if available, a statement of cash flows.

Artex Cedar Hill is Zurich's duly appointed Program Administrator for the PEO industry. Coverages underwritten by member companies of Zurich in North America, including Zurich American Insurance Company. Coverages are subject to terms, conditions and exclusions stated in the policies. Certain coverages not available in all states. Coverages may be subject to certain limitations or modifications in some states. In the spirit of full disclosure, it is important for you to know that all of Artex Cedar Hill's PEO and/or Temp Services workers compensation accounts are written on a net of commissions basis (commissions are not paid to insurance agents or risk management consultants). The services of an outside professional insurance agent are often of value to the PEO and/or Temp Services firm, and we welcome their use of such insurance professionals, but it is critical you understand we do not pay commissions and should coverage be placed through the Artex Cedar Hill program, any remuneration to a third party representative of the PEO and/or Temp Services firm shall remain the PEO and/or Temp Services firm's obligation.