

Dear Sir or Madam,

The purpose of this letter is to introduce you to Fringe Benefits Management Company (FBMC) and to explain why we believe we are the nation's "**PREMIER**" benefits administrator.

Founded in 1976, FBMC is a privately-owned, Florida corporation with no affiliation or dependence on a parent corporation (such as an insurance company or bank). We are an independent benefits administrator with clients from Alaska to Vermont. Our clients range from large state governments (like California and New York) and school districts (including 15 of the largest in the nation), to mid-size employers such as community banks and hospitals.

FBMC services more than 300,000 customers plus their dependents and pays hundreds of millions of dollars in claims every year. We get approximately 600,000 customer service inquiries annually and we provide benefits education for more than 1.5 million employees. We love being in the benefits business and our passion is evidenced by our large client base and our longevity.

Our only business is, and has always been, employee and retiree benefits administration. Because benefits administration is not a peripheral activity at FBMC, we are able to offer efficiencies and competencies that are difficult to obtain from companies that are established for other purposes or engaged in other activities. FBMC has technological and staffing resources that are specifically designed to satisfy benefits administration tasks, including the often complex requirements of our clients. We offer a high-speed and open-access platform and we are proactive rather than reactive in serving our clients.

In addition to our business focus, what truly sets FBMC apart from our competitors lies in our core principles, which can be summed up in three words: Quality, Integrity and Longevity. These principles have guided us in our quest to become the nation's "**PREMIER**" benefits administrator.

QUALITY

FBMC has made a solid commitment to consolidate quality initiatives and adopt the "best business" practices modeled by organizations that have won the National Malcolm Baldrige Award and the Florida Governor's Sterling Award for Performance Excellence. We have completed the Sterling Navigator assessment program and implemented organizational performance review processes and an extensive, company-wide training program that supports our corporate strategies. These processes are used to develop action plans and strategies that are enabling us to progress to the next level of corporate quality.

In pursuit of sustainable excellence, our goal is to earn the prestigious and nationally renowned Governor's Sterling Award for organizational performance excellence.

Additionally, FBMC strives to:

- consistently meet or exceed industry standards for accuracy and processing time
- identify all of our clients' plan's parameters and prepare detailed implementation schedules
- listen to our clients' objectives and allocate resources to meet their expectations
- monitor all aspects of implementation and service to assure consistent performance
- provide high value services at a competitive price.

Quality of services is one of the most important considerations when it comes to choosing a benefits administrator. At FBMC, we know that the services we offer are among the best in the industry but we also understand that this claim means nothing if it is not backed up by a solid infrastructure.

For example, analyst rating services do not provide guidance for the financial stability of Third-Party Administrators. However, FBMC has received Fairness Opinions from independent auditors with management letters indicating no material weakness or significant deficiencies over the course of our entire history.

Our company also regularly undergoes a Statement of Audited Services (SAS 70, Type II) quality assurance validation. The resulting Fairness Opinions have ensured that our services are held to a higher standard and our customer information is secure.

FBMC is a broker of voluntary and core benefits as well as Stop Loss Insurance. The insurance companies we deal with are some of the best in the industry. All the benefits we offer are underwritten by top-quality insurance companies with excellent financial ratings, who have been carefully scrutinized by our staff and included on our Preferred Partner List. Although we have brokerage agreements with more than 40 companies, we have no aspect of ownership or financial relationship with any of them that would compromise our independence. All compensation agreements are disclosed.

FBMC sets stringent internal performance standards and works diligently to adhere to them. We annually create performance metrics for every company activity and publish internal monthly scorecards. These processes are used for creating job performance standards for all staff. Employees must meet or exceed these standards in order to continue employment and earn pay raises.

INTEGRITY

The benefits, insurance and brokerage industries have recently been shaken by several highly publicized investigations of both civil and criminal wrongdoing. As FBMC accommodated some of the employers left without a viable plan and without an administrator as a result of lawsuits and scandal, we gained a clear perspective of how our core values, controls and practices have served to protect our clients and their employees. We are proud of our strict adherence to federal and state regulations and guidelines. In over 31 years of administering benefit plans, FBMC has:

- never been fined or penalized by State Attorneys General or any other regulatory authorities, including the Insurance Departments in the states in which we are licensed
- never had a plan disqualified by a regulatory agency
- never been party to litigation regarding a contract to administer benefits
- never had an adverse adjudication with respect to either its Errors and Omissions Insurance or its Fidelity Insurance
- never had a contract canceled by a client
- never had a client with a regulatory problem or penalty as a result of our service or advice
- never had a computer failure which resulted in a material disruption of service

FBMC legal, compliance and quality control responsibilities are consolidated under the leadership of a Senior Vice-President who reports directly to our President and Chairman of the Board. We oversee all regulatory and legal activities related to benefit plan management, establish performance standards and practices based upon regulations and best business practices and determine compliance through quality assurance activities.

We believe that businesses should establish certain standards of operation that embrace principles of integrity, fairness, opportunity for all and dedication to customers. FBMC has pledged to operate our business by applying these principles to everything we do.

As an extra measure of protection, our company does not outsource public employer data to foreign countries and has no plans to do so.

LONGEVITY

Experience is a key factor when it comes to handling something as important as employee benefits. With FBMC, you can expect a wealth of experience bolstered by a company that has been at the forefront of the industry for more than three decades.

Long before “total benefits outsourcing” became a marketing slogan in the insurance and benefits industry, we were offering comprehensive benefits administration services by delivering solutions through an integrated, centralized source.

Many of our employees have been with the company for over 10 years, including most of our officers and managers, which is a result of our “promote from within” culture. I have been with FBMC for over 20 years. Our company founder and Chairman of the Board is still active in our day-to-day activities.

We value long-term client relationships. Our typical client has used our services for over 10 years. Because contract lengths usually average from one to three years, FBMC has had to compete to retain many of its clients’ accounts, and has won bids time and time again.

Our periodic client surveys indicate high levels of satisfaction with most of our services. High scores include applications of technology to meet customers’ needs and our enrollment materials. We have won the nationally-recognized APEX Award for the quality of our enrollment educational materials for the past six years.

FBMC may not be the biggest company that is bidding for your business, but we are most certainly the biggest “benefits-only” company. That distinction will make a valuable difference when it comes to serving your employees’ needs!

OUR GUARANTEE

On a personal note, I believe our use of the word “**PREMIER**” is backed by our proven track record of integrity and years of service and specialization as a “benefits-only” company. These documented accomplishments allow me to guarantee that we can do what we have committed to do in this proposal and we will do it very well.

If chosen to be your benefits administrator, our experienced officers and staff are ready to immediately begin the timely, cost-effective and service-oriented administration you expect. FBMC can and will meet your needs with the highest level of service, compliance and efficiency.

If you hire us, we guarantee your satisfaction. If you are not satisfied, tell me and we will correct any problem within 30 days at our expense. If you are still dissatisfied after the 30 days, you may terminate our contract immediately. We will turn over all records to your new administrator and - at our expense - facilitate the transition. We will refund all fees for the prior 60-day period if you are not satisfied.

No client has ever found the need to terminate our contract, but I want you to know that this is a sincere commitment from me. You should expect nothing less from a company that calls itself “**PREMIER**”.

Thank you.



Lorraine Strickland
President and CEO