



**Disclosure Notice on WPS Rating Factors and Renewability Provisions
For
Employers with 2-50 Employees**

A. Our Right to Change Premium Rates

We may change the premium rates under your plan: (1) on the premium due date of your plan; (2) on any date the benefits and/or coverage under your plan change; or (3) on any date your plan is amended. We must send you written notice of a premium rate change at least 30 days before any such change takes effect. If the increase is 25 percent or more, we will provide you with at least 60 days written notice of premium rate change. (If your group is part of an Association or Chamber of Commerce plan with WPS coverage, your rate may be changed on the Association or Chamber plan's anniversary date.)

In accordance with Wisconsin Statutes, Chapter 635, your rates will not increase more than 15 percent yearly due to claim experience, health status, occupation, duration of coverage or other factors related to claim experience. The medical inflation rate and administrative costs would be additional factors in determining your premium.

In addition, premium rates for your group will not deviate more than 30 percent plus or minus from the WPS average premium rate charged for all groups with similar benefit design and case characteristics.

B. Benefit Design and Case Characteristics Affect Premium Rates

WPS bases premium rates, in part, on actuarial formulas that are a function of benefits purchased, coverage options (single or family) your employees select, medical costs in your area, geographic location, as well as age and sex of your covered employees. (WPS plans may also utilize health status, claim history, occupation, duration of coverage or other factors related to claims experience to determine rates.) Any rate increase is subject to the parameters in Wisconsin Statutes, Chapter 635.

C. Premium Rate Changes Affected by Rating Factors and Changes in Benefit Design and Case Characteristics

Changes in benefits, as well as changes in other factors mentioned in (B) above, will have a direct effect on premium rates. Any rate increase is subject to the parameters in Wisconsin Statutes, Chapter 635. Rate changes may be affected by the following:

1. Increase or decrease in the number of males and females or average age of the participants.
2. Increase in the medical costs in your area.
3. Election of higher or lower plan deductibles or the coinsurance levels.
4. Election of available benefit options such as, but not limited to, copay legend drug coverage, utilization review programs, or waiver of the deductible for injury care.
5. Employer groups that have different rates for each employee will have rates adjusted as each employee reaches a new age rating bracket (for example: 19-29, 30-34, 35-39, etc.). Age rating brackets may be different for each product line.
6. Employer groups that have only one rate for single plans and one rate for family plans (composite rated) also have rates adjusted based on the employees' age and sex and claim history.

D. Employer's Renewability Rights

From the effective date of coverage, the policy or plan will be in force for one year as long as all premiums due are paid timely to us. However, the policy or plan may be terminated sooner under the earliest of the following conditions:

1. The date you are no longer eligible as a group due to: (a) ceasing active business operations as determine by WPS; (b) losing status as a legal entity by merger, dissolution or otherwise; or (c) moving the site of business to a state where this type of policy is not offered for sale by us; or
2. The last day of the grace period if the monthly premium due is not paid by you to us during the grace period beginning with the first day of the coverage period for such premium; or
3. Fraud or misrepresentation by the policyholder; or
4. Substantial breaches of contractual duties, conditions or warranties by the policyholder; or
5. The last day of the calendar month in which you fail to meet the applicable minimum requirements as provided in your plan or policy's "Minimum Participation Requirements" provision. We'll provide you with coverage (you pay the premium) for at least 60 days after the renewal date in order to allow you to increase the number of covered individuals to the required number. If you then meet the required number of covered employees, the group plan would continue uninterrupted, subject to timely premium payment. We won't consider your group's claim experience in determining your renewability due to participation requirements. We will not refuse to renew coverage if the participation requirement was not met due to an employee's illness, injury, approved leave of absence or temporary layoff; or
6. The date we terminate this policy or plan by sending at least 60 days advance written notice of such termination to the policyholder. If WPS terminates all policies of this group class, we will provide you and the Commissioner of Insurance with a written notice of our intent one year prior to the termination. That notice will include the date coverage will terminate and the reason for termination or non-renewal as required under Wisconsin Statutes, Chapter 635.

Group

I have read and received a copy of the disclosure notice:

Employer (Group Name)

by _____
(Authorized Signature)

Date

Agent or WPS Sales Representative

I certify that I have made the required disclosure by having the employer or the employer's authorized representative read and sign the form and by leaving a copy of the form with the employer.

Agent or WPS Sales Representative Signature

Date