SECOVA

June 27, 2014

Bill Jensen
President,Associated Administrators, LLC
4301 Garden City Dr. Suite 201
Landover, MD 20785-6102

RE: FELRA and UFCW Health and Welfare Fund Request for Proposal for Dependent Eligibility Verification Audit Services

Dear Bill,

Thank you again for the opportunity to present to the Fund's Board last week. I understand Bruce had just a short time to discuss the major differences between Secova's approach to a multi-employer audit and that of our chief competitor's. As a follow-up, we are submitting to you our formal proposal with pricing for conducting the dependent verification.

Multi-employer groups present some unique challenges when conducting dependent audits: participant response tends to be slower, the benefits culture tends to be more paternalistic, reinstatement of coverage could happen at any time. Our many clients in this space have provided us valuable feedback over the years and, as a result, we have designed a project that meets the specific needs of Funds like FELRA and UFCW:

- **What a Difference 3% Makes!** – Our competitors typically achieve no more than a 95% response rate. By adding additional communications and lengthening both the overall project time as well as the time our call center remains open to support participants, <u>Secova achieves a 98% response rate on average! That means less clean-up work for the Fund and Associated Administrators at the close of the audit!</u>
- **"Convenience is Everything!"** – explained a contact for a large Taft-Hartley Fund. <u>Secova provides round-the-clock Call Center assistance to Fund participants instead of a twelve to fifteen hour per day schedule.</u> Participants can receive help and complete audit requirements at 2:00am if that works best for them!
- **Why Should I Trust These Guys With My Information?** – a legitimate question from anyone being asked to submit documentation to a vendor they don't know. Our competitors only hold the SSAE-16 certification. Secova has taken it a step further, maintaining the ISO-27001 credential—the Gold Standard for information security and data protection. Selecting Secova demonstrates how much you care about protecting your participant's personal information.
- **A Partner Who Has Some "Real Skin in the Game!"** – We understand proof of concept and are willing to remove risk from the equation. Secova will guarantee a 5:1 ROI and 10% fees at risk – and remember, that's calculated much later than our competitor's typically, who depart after leaving 5% of the population unaccounted for and the Fund with a lot of reinstatement work to be done. AND Secova will offer contingency-based pricing so the Fund defers most of the project cost until the audit comes to a close.

Because there is still some question on the actual count of participants and dependents, we have provided 2 pricing models for each set up numbers (pages 20-21 of proposal) we have received from your office, one from some initial correspondence and the other from a census file. You'll note that the fees themselves are very close, but please let me know if you have any questions or are unclear on the options we propose.

I would also encourage you to reach out to the references we have provided to get their feedback on our service and team as well as their insight into the challenges each of them faced.

Should you require any further clarifications or additional information, please contact me directly.

Sincerely,

Brian Perrine
Sr. Vice President, Sales and Marketing
Secova