Lockton and Stratum Med
Creating a Best-in-Class Insurance Solution for Healthcare Organizations
### Highlights
- More than $25 million total premium
- 25 members
- Over 9,000 physicians represented
- 35,000+ employees

### Client Sampling
- Carle Foundation Hospital
- The Iowa Clinic
- Marshfield Clinic
- Mt. Kisco Medical Group
- The Polyclinic
- Confluence Health

### Who We Are
Stratum has partnered with Lockton to provide physician groups and healthcare systems access to insurance products at a low cost attained by group purchasing. Lockton’s dedicated Healthcare Team supports the implementation, administration, and communication of Stratum products assuring members the quality execution of their programs. Together we provide healthcare organizations an edge in controlling cost and the absolute assurance programs are aligned with the needs of an ever evolving healthcare industry while delivering exceptional services.

### Advantages to Groups who Access Stratum
- Leverage Stratum’s collective buying power when negotiating with insurance carriers
- Direct access to underwriting markets who understand the healthcare industry
- Increased stability during adverse insurant market cycles
- Complete transaction and cost transparency
- Create a “second to none” peer group where issues can be shared and discussed
- Share the talents and capitalize on the wealth of intellectual capital which exists amongst participating members

### Specialty Physician Group Expertise
- **Specialized contracts**—for the specialized needs of a medical practice
- **Specialized marketing**—can help provide long term commitment and stable pricing because of Stratum’s overall size
- **Specialized claims management**—a dedicated long-term disability (LTD) claims team
- **Specialized customer service**—a centralized team providing end-to-end quality service dedicated solely to physician groups and healthcare systems
- **Specialized plan design**—customized specifically for each physician group to meet the needs of the group and the covered physicians and staff
What Sets Lockton Apart in the Healthcare Industry?

Property and Casualty
- Industry-focused expertise working with health systems, physician groups, managed care organizations, and long-term care companies
- More than 700 healthcare clients serviced by Lockton nationwide
- Expertise with all forms of alternative risk program: captives, RRGs, and trusts
- Excellent reputation with domestic and international underwriters
- Unparalleled client services

Employee Benefits
- $1.1+ Billion annual benefit premium
- 1,838 average benefit client size (by number of FTEs)

Risk Control Services
- Loss Control
  - Reduces frequency of claims
  - Injury Prevention
  - Focused on at-risk behaviors
- Claims
  - Improve organizational readiness for catastrophic events
  - Complex claim resolution
  - Conduct claims audits to improve outcomes and compliance
- Claims Cost Control
  - Focused on post-injury management
  - Focused on reducing claims severity

GLOBAL PRESENCE
- $18 B premium placed
- 64 offices worldwide
- 4,950 associates
- client retention 95%
STRATUM PHYSICIAN INCOME PROTECTION

Strategies

Efficient Program Design
- Align STD, LTD, and FMLA to enhance claim management, manage leave more efficiently and leverage cost

Superior Products and Service
- Best in class policy language and claim support for physicians

Close Gap in Program Design
- Utilize guaranteed issue voluntary benefit restorations for highly compensated employees

Group Purchasing
- Significantly reduce price volatility driven by market fluctuation and claim experience

Knowledge Sharing
- Capitalize on member best practices

Catastrophic Disability Benefit
- Covers an additional $8,000 to $10,000/month to a maximum of 100% of TOTAL compensation
- Payable with ADL-loss, cognitive impairment, or presumptive disability (these are the traditional triggers for long term care insurance)

Voluntary Individual Disability Insurance
- Insurable income is Base Salary + 75% to 100% of Bonus
- Combined with LTD insures up to 60% of TOTAL compensation to a cap of $5,000 to $10,000/month
- Guaranteed Issue to no exams!
- Individual rates are level and cannot increase with age
- Individually-owned coverage; 100% portable
- Tax-free benefits

Current Group Long Term Disability
- 180 day elimination period
- 60% of base salary
- Monthly maximum benefit amount = $15,000
- Taxable benefits

Short Term Disability
- Elimination period of 30 days (sick days must be exhausted)
- Coverage begins day 31 and ends day 120
- Benefit of 60% basic weekly salary up to $1,500

Benefit Duration = Full Social Security Retirement Age (65-67)

1 Catastrophic Disability Benefits are paid if the employee loses the ability to perform two or more Activities of Daily Living (eating, bathing, dressing, transferring, toileting and continence); becomes cognitively impaired; or presumptively disabled

Stratum LTD Benchmark

<table>
<thead>
<tr>
<th>LTD Who Pays?</th>
<th>Eligibility Waiting Period</th>
<th>Elimination Period</th>
<th>Benefit %</th>
<th>Monthly Max</th>
<th>Def of Pre-Disability Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>60% employee paid/40% ER</td>
<td>40% 1st of Month following hire date 59% wait of 30, 60, or 90 days</td>
<td>62.5%—90 days 29%—180 days 8.5%—270 days</td>
<td>79%—60% ben 8%—50% ben 13%—&gt;60%</td>
<td>Average— $11,772 Median— $15,000</td>
<td>54% use W-2 wages 46% use base monthly pay</td>
</tr>
</tbody>
</table>

Residual Disability Definition

- Own specialty including sub-specialty definition of occupation for physicians
- Weekly benefits up to 60% of employee’s lost income
- Waiting periods for accident and sickness ranging from 1-30 days and maximum benefit duration coordinates with your LTD program
- Contributory and non-contributory plans
- Vocational rehabilitation initiated on appropriate claims for earlier identification of return-to-work opportunities

Enhanced Contract Options

Options which match your desire to encourage claimants to return-to-work and replace the most lost income in all claims situations.

- Three return-to-work incentive calculation options
  1. 50% offset (standard)
  2. Proportionate loss (good for high earners)
  3. 100% from all sources
- Two salary continuation/sick pay coordination methods
  1. Direct offset (standard)
  2. 100% from all sources
Sub-Specialty Definition of Disability

Lockton and Stratum place physician groups and healthcare systems with carriers whose contracts specifically define “own occupation” as the specialty or sub-specialty a physician was performing at the date of disability.

- Over 145 sub-specialties recognized by the AMBS
- No board certification required
- No limited period of time
- No earnings loss required during the elimination period
- No speciality-based income requirement
- Claim office experienced in adjudicating provision

Minimal Contract Limitations

The LTD Contract should NOT contain:

- Prudent person
- Self-reported conditions
- Musculoskeletal
- Reasonable accommodation
- Mandatory rehabilitation
- Maximum capacity during the own occupation benefit period
- Limitations on living outside of the United States or Canada

Examples of AMBS Recognized Subspecialties

- Anesthesiology: pain medicine, pediatric anesthesiology, sleep medicine, and critical care medicine
- Internal medicine: advanced heart failure and transplant cardiology, cardiovascular disease, gastroenterology, hematology, and interventional cardiology
- Pediatrics: adolescent medicine, neonatal, perinatal medicine, pediatric cardiology, and pediatric gastroenterology
- Diagnostic radiology: neuroradiology, nuclear radiology, pediatric radiology, vascular, and interventional radiology
Stratum known's your business and can adapt to your unique needs. All Physician claims are processed by our most experienced Ability Analysts:

- Over 22 years dedicated to the industry; with more than 6 years tenure
- Single point of contact for each claimant to develop a personalized experience
- Experience with the unique issues of every specialty, sub-specialty, and the impact of a disability
- Understanding of different types of income, receivables, and their impact on a disability claim
- Peer to peer review of medical information, both in-house and third party

Claimant Satisfaction

<table>
<thead>
<tr>
<th></th>
<th>LTD</th>
<th>STD</th>
</tr>
</thead>
<tbody>
<tr>
<td>LTD</td>
<td>98.5%</td>
<td></td>
</tr>
<tr>
<td>STD</td>
<td>89%</td>
<td></td>
</tr>
</tbody>
</table>

Average Turnaround Time

<table>
<thead>
<tr>
<th></th>
<th>LTD</th>
<th>STD</th>
</tr>
</thead>
<tbody>
<tr>
<td>LTD</td>
<td>Over 90% within 30 days of the benefit effective date</td>
<td></td>
</tr>
<tr>
<td>STD</td>
<td>Over 96% within 20 days of the benefit effective date</td>
<td></td>
</tr>
</tbody>
</table>

New LTD claims received

Over 1200

Return-to-work

Over 30% of our claimants have worked while receiving a benefit
Individual Disability Insurance*

Scenario
- Disabled physician with pre-disability monthly income of $42,000 per month
- Group LTD triggered a monthly benefit of $15,000
- Earnings deficit by $27,000 monthly and $324,000 annually

Improve the Percentage of Replacement Income
* Chart shows a significant increase in monthly disability income when group LTD is paired with a voluntary IDI
Practice Overview

**Executive Disability**
- Comprehensive plan coordination with Group Long-Term Disability
- Leverage Lockton’s market opportunity to maximize plan design

**Enrollment Technology and Communication Resources**
- Employee enrollment platforms
- Benefit admin services
- Employee engagement and education resources
- Increase employee Education
- Streamline benefit selection

**Voluntary Worksite Benefits**
- Needs analysis
- Product evaluation
- Leverage resources and services available in conjunction with a voluntary benefits offering

### Voluntary Individual Disability Insurance

#### Pricing Illustration

<table>
<thead>
<tr>
<th>Employee Age</th>
<th>Annual Income</th>
<th>Group LTD Benefit (Monthly)</th>
<th>IDI Benefit (Monthly)</th>
<th>Total % of Income Replaced</th>
<th>CAT Rider (Monthly)</th>
<th>Total % of Income Replaced with CAT Rider</th>
<th>Monthly Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>50</td>
<td>$455,000</td>
<td>$15,000</td>
<td>$7,000</td>
<td>58%</td>
<td>$9,484</td>
<td>83%</td>
<td>$340.58</td>
</tr>
<tr>
<td>45</td>
<td>$627,500</td>
<td>$15,000</td>
<td>$7,000</td>
<td>42%</td>
<td>$10,000</td>
<td>61%</td>
<td>$282.37</td>
</tr>
<tr>
<td>58</td>
<td>$452,000</td>
<td>$15,000</td>
<td>$7,000</td>
<td>58%</td>
<td>$9,410</td>
<td>83%</td>
<td>$441.54</td>
</tr>
<tr>
<td>34</td>
<td>$400,000</td>
<td>$15,000</td>
<td>$7,000</td>
<td>66%</td>
<td>$8,333</td>
<td>91%</td>
<td>$184.73</td>
</tr>
</tbody>
</table>

* Price illustration based on a quote for selected employees of a Stratum member
Stratum and Lockton leverage member purchasing power to develop superior products and lower costs over a wide range of insurance products. Each program is designed specifically for specialty physician organizations and supported by Lockton’s dedicated team of healthcare professionals.
Stratum Live!

What is Stratum Live?

Stratum Live! provides a secure, HIPAA compliant method for collaboration between the Stratum/Lockton account teams and member organizations. The portal keeps all the client specific information organized, up-to-date, and readily accessible. Such information includes:

- Carrier, vendor, and Lockton contact information
- Project tracking
- Plan documents
- Links to online tools and helpful resources
- Event calendar
- And much more

Lockton Communications Services and Publications

- Pre and post enrollment materials
- Decision support tools
- New hire/termination communications
- Communications campaigns
- Life event communications
- Wellness and benefits newsletters
- Total compensation statements
- Benefits branding
Our Mission

To be the worldwide value and service leader in insurance brokerage, employee benefits, and risk management

Our Goal

To be the best place to do business and to work