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QUARTERLY NEWS LETTER FROM EMPLOYEE BENEFIT SYSTEMS, INC.

Machinist Custom Choices Worksite Benefits News

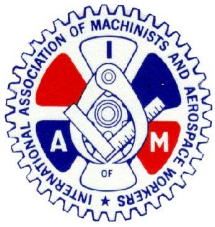
Why Critical Illness Coverage is so Important to your Financial Wellbeing

Critical-illness insurance provides a lump-sum payment to a policy holder facing cancer, heart attack, stroke and a range of other maladies that varies by contract. It was created almost 30 years ago by the renowned heart surgeon Marius Barnard, who worked on the first human heart transplant with his brother, Christian. He became so frustrated watching patients' financial struggles as he treated them that he convinced insurance companies in his native South Africa to create a product.

In the early 1990s, he brought the concept to Canada. Dr. Barnard's passion for this concept was well received and in a few short years, a number of prominent insurance carriers jumped into the Critical Illness business. The program has been profitable to the insurance companies while maintaining its affordability to the consumer.

"While life insurance is designed to provide protection for your loved ones, critical illness provides financial security for you" says EBS President Charlie Mabry. Like life insurance the benefit is paid in a lump sum upon diagnosis of the covered illness.

Unlike health insurance, the cost of critical illness policies has not increased at double-digit levels each year. In fact, the average premium for critical illness insurance policies on the market over the last five years has risen at a rate that is less than the annual increase in healthcare plans. A person in their forties can expect to pay about \$58 a month for a contract today, compared with about \$46 in 2006. Even better news for Machinists participating in a critical illness policy issued through the Custom Choices program—they have never experienced an increase in that policy's premium.



It's important to work within an individual's budget when choosing critical illness insurance. Following are a few of the ways EBS' enrollers help members stay within their budget.

* Look at smaller coverage amounts. There's no use getting a policy you are not going to be able to afford to keep.

* The critical illness policy covers 8 different major conditions. Rather than purchasing the cancer policy (which covers only cancer related costs), consider the critical illness policy. You're covered for an additional seven illness for roughly the same premium.

* Buy early. The price rises about 8 per cent for every year an individual doesn't lock in a contract. Prices become prohibitive once someone hits their late 50s, almost doubling from what they would be for someone in their late 40s.

Finally, in these days of uncertain economic times, it should be of comfort to know at least external expenses, like major medical deductibles and loss of income from not working, will be covered during a stressful personal illness.

How Custom Choices Benefits Supplement the Benefits Provided through CBAs

Beyond the cost of medical care, one of the biggest issues for families during a health crisis is the loss of income that results from being out of work. Unlike core health and disability benefits, the benefits received from a Custom Choices policy can be used however the insured sees fit. We have seen members use their benefits to pay out of pocket healthcare costs, their mortgage, their power bill, or to buy groceries for their family.

Employee Benefit Systems

10000 Memorial Drive
Suite 800
Houston, TX 77024

Phone: 713-812-0900

Fax: 713-812-0888

E-mail: cmabry@ebsworksites.com
jgranger@ebsworksites.com
bsowers@ebsworksites.com
rmoore@ebsworksites.com

www.ebsworksites.org

Each and every policy that is offered through the Custom Choices program was designed to supplement the benefits provided to our members through their CBAs. In most cases, the benefits from these policies are tax-free, are paid directly to the insured, and are paid in addition to the benefits provided through the CBA.

The Machinist Custom Choices program is a low-cost way to have a big impact on the lives, finances and well-being of our members if they get sick or hurt. We see the need among the membership as typical participation rates are over 50%. We also see the benefit these policies provide to the membership and their families as we assist over 400 members each month with their claims. These are benefits they would not otherwise have access to if it weren't for the Machinist Custom Choices program.



Can't Get On-Site.....Why Not a Telephonic Enrollment

As we introduce the Custom Choices program to sites that are secure, our enrollment counselors are not able to gain access to the membership. In those situations, we have been unable to successfully enroll the members in the program. We have developed a web/telephonic enrollment process and are working to refine that process in hopes of using it in situations where we are not allowed access to the worksite. Ideally, the member chooses the time most convenient for them and arranges their appointment via an online calendar. During the call, members would be able to review their current coverage with an enrollment counselor, make changes or additions to their existing coverage, or enroll in new products.

As a final note, this new enrollment process is by no means a replacement for the on site visits you may be accustomed to, but rather an option for those sites in which getting in a particular facility is restricted by the company. We don't want to limit the availability of these products to members simply because our enrollment counselors can't gain access to their facility.