

FHM INSURANCE
COMPANY

A POLICY TO DO MORE®

Workers' Comp Since 1954



POLICYHOLDER'S GUIDE TO A POLICY TO DO MORE

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Dear Policyholder:

Welcome to FHM! As one of the southeast's oldest workers' compensation companies with more than half a century's history of serving the needs of companies and their employees, FHM is committed to delivering the highest quality, most cost-effective service to policyholders. We call it "A Policy To Do More" and it's the way we do business.

"A Policy To Do More" is our promise to meet your needs with state-of-the-art tools and dedicated professionals whose commitment is to work with you to manage your workers' compensation program effectively and efficiently.

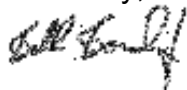
As part of that promise we have prepared this Guide to help you create and maintain a strong, effective workers' compensation program. The Guide will help you learn about and use:

- The FHM approach to making your workplace safe and drug-free.
- Readily available, easy-to-use tools for reporting and effectively investigating accidents/injuries.
- The FHM web site for retrieving comprehensive claims information in real time.

There's a wealth of information on our web site – **www.fhmic.com** – in addition to what you'll find in this Guide, to assist you in this important process. FHMconnect, a web site tool that gives you access to all the information and reports you need to effectively manage your workers' compensation program, is also a part of the web site. Click on "Policyholders" under "Register" beneath the FHMconnect logo and open up an entire world of information and tools to you and your staff.

Thank you for selecting FHM as your workers' compensation carrier – we're looking forward to working with you!

Sincerely,



Bill Bond, Jr.
President

To: FHM Policyholders

PRIVACY NOTICE

FHM Insurance Company is committed to safeguarding the nonpublic personal financial and health information it collects from its policyholders and their employees covered under a FHMIC workers' compensation insurance policy. We want to ensure that you understand our practices and procedures for dealing with the nonpublic personal information we gather about you. Consistent with the Gramm-Leach-Bliley Act and with various state specific privacy insurance information laws and regulations in the states in which FHMIC is licensed to sell insurance, within this notice you will find a description of the type of information we collect, how we use such information and the safeguards we employ to protect it.

Information We Collect. In order to provide you with workers' compensation coverage and service and administer your account with us, we collect nonpublic personal financial and health information about you from the following sources:

- Information we receive from you on applications, claims and other forms;
- Information about your transactions with us or others;
- Information we receive from a consumer reporting agency; and
- Information received from other sources.

Information We Share and With Whom. We do not disclose any nonpublic personal financial or health information about our prospective, current, or former policyholders or their employees to anyone, unless you have authorized such disclosure or such disclosure is permitted by law and regulations.

Safeguards. We do not sell nonpublic personal financial and health information. In accordance with FHMIC's Security Program we restrict access to nonpublic personal information about you to those employees or persons who need to know that information to provide products or services to you and your employees. FHMIC will notify you of any changes in its practices regarding the privacy of nonpublic personal information.

Insurance Information Practices. As described above, FHMIC may collect personal information about you from sources other than you in connection with your insurance transaction with FHMIC. Such information, as well as other personal or privileged information subsequently collected by us, may in certain circumstances be disclosed to third parties without your authorization only as permitted by law. You have the right to access the personal information that FHMIC collects about you in connection with your insurance transactions with us. If you believe that any of that information is in error, you have the right to request that FHMIC correct it. If you would like a more detailed notice regarding our insurance information practices and your rights relating to those practices, FHMIC will furnish one to you upon your written request to the address below.

Additional Information. If you have a question regarding the privacy of your information, please contact us in writing at the following address:

FHM Insurance Company
4601 Touchton Road East
Building 300, Suite 3150
Jacksonville, FL 32246

We value your trust and are firmly committed to protecting the security and privacy of information that you share with us.

HOW TO USE THE POLICYHOLDER'S GUIDE TO A POLICY TO DO MORE

This Guide contains all the information you'll need to establish and maintain an effective workers' compensation program and keep your policy premiums low. All the information included in this Guide is available in the Policyholders section of the FHM web site - www.fhmic.com when you use FHMconnect. Use this Guide to:

- Locate contact information for the FHM staff.
- Learn about the components of FHM's unique and effective Loss Control Program.
- Establish and maintain a safe and drug-free workplace.
- Implement the FHM WE CARE Managed Care Program.
- Report and investigate accidents/injuries quickly and accurately.
- Manage your workers' compensation claims.

The most cost-effective strategy for keeping workers' compensation policyholder premiums low has two focuses:

- Prevent workplace accidents in the first place.
- Provide for quick, quality medical care for injured workers when accidents happen.

Making this a reality takes a company-wide commitment to ongoing, professional programs that reduce accident exposure, educate workers, provide incentives for employees to always put safety first, and quickly and effectively provide access to quality medical care when accidents occur.

KEY THINGS YOU NEED TO KNOW ABOUT FHM

FHM's staff is ready to assist you in implementing and managing your workers' compensation program. Our company is organized into six functional areas:

Sales and Marketing – Responsible for the production and renewal of profitable business which includes establishing and maintaining relationships with agencies and agents who sell FHM's programs.

Underwriting – Responsible for the underwriting process which includes the receipt and review of applications, the preparation of quotes to prospective policyholders, and the binding of coverage and issuance of policies.

Policy Services – Responsible for the ongoing management of policies which includes management of the processes of accounting, payroll audit, agency and agent appointment and computer system administration.

Claims Unit – (USIS) Responsible for the management of claims which includes serving as the point of contact for injured workers and employers.

Fraud Unit – Responsible for reviewing, coordinating the investigation and assisting in the prosecution of suspected fraud cases.

Loss Control – Responsible for monitoring the level of policyholders' workplace safety, by providing assistance to policyholders in developing effective workplace safety programs and sound hiring and screening practices.

YOUR FHM CLAIMS ADJUSTER

Your job is tough enough without having to keep up with all the details of each workers' compensation claim. Thankfully, with an FHM Claims Adjuster on your team, you don't have to.

Your FHM Claims Adjuster is your partner in casework. By keeping in touch with each other, your adjuster can help ensure each claim is handled properly and costs are kept to a minimum. And because we keep caseloads low, our adjusters can establish a real working relationship with each and every policyholder. That way, you can get to know each other - so you're free to really talk about each case.

That's important. If your employee is off the job, you want good answers on when he or she should return to work. And if you suspect a claim is fraudulent, you want help to find out the truth. That's where good communication really pays off. And with FHM, it's just a phone call away because your FHM adjuster keeps up to date on each case. He or she is aware of the latest case status, and can answer your questions on the claims process, go through claims reviews with you and keep you abreast of legal proceedings as well as the medical and work-ability status of your injured employee.

FHM not only provides you with up-to-date case information, our adjusters are also available to personally answer your questions and help you with the process. Our adjusters are able to offer such personal service because:

- FHM adjusters are assigned by the policyholder's zip code (not alphabetically by injured employee) so they really KNOW their geographic territory.
- FHM adjusters handle no more than 135 cases at a time - well below the industry average, so they have the time to truly manage your cases.
- FHM adjusters study each case, and are ready to provide the most up-to-date case information when you call - so you don't have to sort through or rely on clinical, online data.
- FHM adjusters are part of a team handling each claim, including a Nurse Case Manager, Claims Supervisor, Claims Manager, Legal Counsel, Cost Containment Unit, Subrogation Unit, Fraud Unit and Loss Control Specialist.

The bottom line is, FHM adjusters and their team are there to help you handle each claim - and to make your life easier. So keep the lines of communication open. Doing so can help you reduce fraud, claims costs and your workload!

FHM CONTACT DIRECTORY

At FHM Insurance Company, your satisfaction is important to every single person at our company. That's why we make all members of our staff available to you.

Service Facility:

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P.O. Box 616648 • Orlando, FL 32861-6648
Telephone: 407-351-1212 / 888-346-3461
Fax: 407-926-9419

Marketing:

John Bledsoe, Vice President of Field Services - Ext. 402 or 312

Policy Services:

Underwriting - Ext. 401 or 424
Financial Services - Ext. 216 or 239
Audit - Ext. 252 or 204
Administrative Assistant - Ext. 312

Claims Unit:

Liz Morris, Claims Manager - Ext 410
Suzie Babcock, Claims Supervisor - Ext. 408
Mayra Nieves, Claims Supervisor - Ext 550
Jenny Ross, Claims Supervisor - Ext. 302

Fraud Unit:

John Tucker, Fraud Manager - Ext. 301
Special Investigative Unit - Ext 301

Loss Control:

Loss Control Consultants - Ext. 312 or 402

Administrative Office:

Telephone: 904-724-9890 / 800-329-4340

Bill Bond Jr., President

Jack Lemine, Chief Operating Officer

IMPLEMENTING THE FHM LOSS CONTROL PROGRAM

FHM has developed a comprehensive approach for policyholders to use in creating and maintaining a safe workplace. We call this program Loss Control.

The FHM Loss Control Program has eight (8) components – listed below – that provide a comprehensive approach to workplace safety. To implement the program, take the following steps:

1. Establish a Drug-Free Workplace or a Post-Injury Drug Testing Program. (See Section III)
2. Adopt a company-wide Safety Management Program. (See Section IV)
3. Create Safety Incentive Programs. (See Section IV)
4. Implement the FHM *WECARE* Managed Care Program. (See Section V)
5. Fraud prevention. (See Section VI)
6. Create and implement a process for handling workplace accidents/injuries. (See Section I)
7. Investigate accidents/injuries effectively. (See Section I)
8. Manage claims proactively: (See Section I)
 - a. Keep FHM informed about changes in injured workers' status (i.e., back to work, change in physician, etc.).
 - b. Create a light duty work program.
 - c. Help injured workers return to work as soon as possible.