



PRODUCTS AND PROGRAMS
FOR BLUE CROSS AND
BLUE SHIELD PLANS

BCS Insurance Company (BCSI) and BCS Life Insurance Company (BCSL)—The BCS Insurance Group (Group)—enjoy a unique relationship with Blue Cross and Blue Shield Plans. As a long-standing partner with the Blue Cross and Blue Shield Plans, BCSI and BCSL have been working together for decades to solve problems and deliver solutions that meet their needs.

Both BCSI and BCSL are licensed in all 50 states and the District of Columbia; both companies are rated A- (Excellent) by the A.M. Best Company.

BCSI and BCSL have a strong portfolio of products designed to enhance the competitiveness of the Blue Cross and Blue Shield Plans.

These currently include:

STOP LOSS PROGRAM

Advanced technologies, specialized medicine, and significantly expensive health issues such as premature births have increased health insurers' and employers' exposure to catastrophic claims. The stop loss programs minimize the financial impact of catastrophic losses.

Group Accounts

Specific and/or aggregate stop loss insurance coverage can be provided on an account-by-account basis. Specific stop loss is available up to \$5,000,000 per individual per contract year. Aggregate stop loss may be purchased for accounts at attachment points of 120% or more, subject to a maximum liability of \$2,000,000.

Blocks of Business

Stop loss reinsurance coverage is available for all or a selected class of customers, such as small group, direct pay, etc. This enables the insurer to reinsure, at a fixed cost, each individual's claim expense that exceed a certain attachment point, thereby protecting its reserves from potentially catastrophic losses. The cost of this reinsurance can be included in the insurer's pricing formula, which is often viewed favorably by insurance departments as a cost of doing business.

HMO

HMO stop loss insurance provides protection at favorable rates for Blue Cross and Blue Shield HMO's. The coverage offers both hospital and physician protection, and a variety of deductibles, limits and benefits are available to custom fit each contract.

As part of the stop loss program, all Plan customers have access to the Blue Cross Blue Shield Association's Blue Distinction Centers for Transplants. Contracts also can include insolvency and continuation of coverage protection, now required by many states.

TRANSPLANT REINSURANCE COVERAGE

Organ and Bone Marrow Transplants

Through the establishment of a transplant pool, BCS has created a risk sharing arrangement with an innovative financial package. It is the country's longest running pool of its kind.

Covered organ transplants include:

heart; heart/lung (single/double); liver; pancreas, pancreas/kidney; and small intestine. Covered bone marrow transplants

Continued

include allogeneic; autologous; peripheral stem cell; and syngeneic. The pool provides first-dollar coverage up to \$2,000,000 and reimburses the costs incurred during the benefit period due to the transplant as well as the costs for the underlying condition. In addition, all Plan participants have access to the Blue Cross and Blue Shield Association's Blue Distinction Centers for Transplants. The unique financial package that accompanies the coverage offers participants an arrangement to share in the results of the program via provisional ceding commission and rate credits.

PROFESSIONAL LIABILITY

The Professional Liability Program is a reliable source of Directors and Officers Liability insurance (D&O) and Managed Care Errors and Omissions insurance (MCE&O). We work in partnership with Blue Cross and Blue Shield Plans to continually refine the coverage to meet their changing needs. Plan participants are eligible for premium savings based on individual Plan and pool experience.

D&O POLICY

This policy offers protection for individuals at Blue Cross and Blue Shield Plans, including members of the board of directors, officers and all employees, as well as their medical consultants. The coverage protects these individuals from acts such as breach of duty, neglect, errors, misstatements, misleading statements or other acts or omissions. The policy allows the insured to retain counsel of its choice (subject to approval) in the event of a lawsuit or claim. The policy pays for defense costs, as well as judgments or settlements in excess of the retention.

The D&O policy serves as a foundation to a number of other available coverages written as endorsements to the policy. Limits of up to \$40,000,000 are currently available.

Managed Care Errors and Omissions Endorsement

This endorsement protects the Plan, its named subsidiaries and any insured person from claims arising out of professional services and managed care services provided to third parties. Professional services include

claims handling, and adjusting; audit, inspection and loss control; advertising, marketing or selling of healthcare plans; and legal services in connection with these services. Managed Care Services include utilization review, wellness services, design and implementation of financial incentive plans and the maintenance of the confidentiality of private individual health information.

The endorsement also protects the Plan provider review services such as establishing healthcare service provider networks; evaluation, selection or credentialing or performing peer review of a healthcare service provider; and developing and implementing clinical guidelines, practice parameters or similar provider protocols. Limits of up to \$40,000,000 are currently available.

Employment Practices Liability Endorsement

This endorsement protects employer and employees from liability from various employment practices. Claims can result from alleged discrimination, harassment, wrongful termination, or violation of state and federal laws, such as the Americans with Disabilities Act. Limits of up to \$40,000,000 are currently available.

Employers Managed Care Liability Endorsement

This endorsement provides coverage for obligation assumed as a result of hold harmless agreements entered into with employers, groups or associations. These agreements provide reimbursement when an employer, group or association is held responsible for error or omission claims resulting from the Blue Cross and Blue Shield Plan's administration of a managed care program. Limits of up to \$5,000,000 are available.

E-commerce Endorsement

This endorsement to the D&O policy is designed for Blue Cross and Blue Shield Plans that wish to protect themselves from the risks associated with doing business in an electronic environment.

The endorsement protects the Plans from claims arising out of third-party losses as a result of an act in Internet operations associated with defamation, damages to a claimant's computer system due to virus infection, violation of privacy rights, and other conditions. It also provides an independent limit of liability to protect Plans from first losses that may be associated with an e-commerce attack or a virus infection of Internet operations.

FIDELITY AND ELECTRONIC CRIME POLICY

BCSI has developed a fidelity bond policy that addresses Plans requirements for traditional fidelity as well as for computer and electronic activities. The policy has two parts: the first is a broad form of coverage that protects Plans from employee dishonesty and has built-in coverage for trading losses, theft or destruction of a forged or counterfeit document, and extortion. The second part covers losses associated with computer systems, including those that result from fraudulent input of data, destruction of computer instructions, computer viruses and other incidents that can be a part of the electronic environment in which Plans operate. The two parts of the policy carry separate limits of liability, coverages and deductibles.

AGENTS E&O

BCSI offers E&O protection for insurance agents licensed with the Plans. This program enables Plans, that require E&O coverage of licensed agents, to provide a practical solution with highly affordable premiums.

GROUP UNIVERSAL LIFE

Group Universal Life is a flexible benefit program providing supplemental life insurance protection and an optional savings feature for Blue Cross and Blue Shield employees and their families.

The program is non-ERISA compliant; therefore the Plans' involvement, with the exception of the payroll deductions, is minimal. The coverage affords the human resources department with an effective benefit for their employees and contributes toward improving employee relations.

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FOR MORE INFORMATION ABOUT
OUR PRODUCTS AND PROGRAMS,
PLEASE CALL SHARON DOLD,
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An integral feature of the plan is the cash accumulation or savings option that allows the employee and spouse to build cash value while earning tax-deferred interest at competitive rates.

The maximum face amount available is \$1,500,000. Employees can select coverage amounts that meet their own specific needs. Benefits for spouses, domestic partners and dependent children are also available.

LIMITED BENEFIT PROGRAM FOR HOURLY WORKERS

BCS offers an affordable, limited benefit plan that was specifically created and tailored for hourly and part-time employees. These employees historically have not been

offered benefits. For over five years the programs have enabled thousands of employees to voluntarily purchase insurance coverage to protect themselves and their family members. Benefits available under the programs include basic medical care including doctor office visits, prescription drugs, emergency room visits, other inpatient and outpatient services and access to a 24-hour nurse advisor. Additional coverages include dental, term life insurance, short-term disability and vision care.

The above coverage descriptions are summaries only. Coverage is determined by the terms and conditions in the contracts issued.

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