

# Questions and Answers:

## WHAT DOES EMPLOYEE LEASING OR PEO MEAN?

For the purpose of understanding, we will say that the terms Employee Leasing and PEO are synonymous. Employee Leasing is a tool which allows your client to outsource their payroll administration and obtain workers' compensation insurance coverage on their employees through the leasing company—all with the potential of saving money on each line item of expense. Every employer is responsible for the following items: FICA and Medicare taxes, Federal Unemployment taxes, State Unemployment taxes and Workers' Compensation. With a PEO, however, the leasing company assumes responsibility for all of these items—usually, at less expense than the client will pay if they do not lease their employees. This program provides your client an opportunity to have their payroll functions outsourced and it provides workers' compensation to their employees. For those “hard to place” accounts or accounts which you might otherwise pass on, you now have a market. However, the program does not place insurance like a “standard” insurance company. It provides two elements for your insured—a payroll service and workers' compensation for the employees.

## IS THIS WORKERS COMPENSATION INSURANCE?

Not in the truest sense. the**valleon**group provides workers' compensation to the employees of the leasing company. If your client were to enroll into the program, their employees would be covered by the worker's compensation program of the leasing company.

## WHY SHOULD MY CLIENT CONSIDER EMPLOYEE LEASING?

To save money! Under the normal standards of doing business, your client pays payroll taxes, pays for someone, either internally or outsourced, to provided their payroll and tax report filings and they pay for workers' compensation insurance. Under the employee leasing concept your client would be relieved of all of these functions. The employee leasing company would assume those responsibilities. Additionally, the State Unemployment Tax Rate for the leasing company is often lower than that of the client. Also, the client's time and money spent in investigating and challenging questionable workers' compensation claims is saved.

## WHAT IF THEY ARE ALREADY WITH A PEO OR EMPLOYEE LEASING COMPANY?

All the better. They understand the concept. And, they are probably paying too much for these services. Within our specialization, the construction industry and the “high WC rate” arena, there are not but a handful of employee leasing companies doing business. Most cannot compete with us.

## WHAT IF THEY ALREADY HAVE A PAYROLL SERVICE?

That expense of outsourcing their payroll would no longer be needed. Plus, one of the cost factors, whether they are using a payroll service or not, is their payroll taxes. Within the**valleon**group's arrangement, that burden falls upon the leasing company. Most of the time, our tax rate will be lower than the employer's.

## WHAT IF THE CLIENT CHANGES THEIR MIND AT THE LAST MINUTE?

Not a problem. There is no long term contract with the service. And, the client may terminate its relationship with us at any time.

## HOW DOES THIS COMPARE TO THE STATE FUNDS?

The State Funds are different within each state. The “competitive” state funds vary from year to year in their pricing and underwriting approach. thevalleongroup is more static with regards to their appetite for specific types of business and their underwriting approach to those niches in which they specialize.

## HOW DO YOU HANDLE “BROKER OF RECORD CHANGE REQUESTS”?

thevalleongroup honors Broker of Record requests from our existing clients for our internal producers and “registered” brokers only.

## HOW FAR IN ADVANCE SHOULD I SUBMIT MY ACCOUNTS FOR THE BEST SERVICE?

At least one week would be suggested on larger accounts. However, we will attempt to have quotes back to you within a few days. On smaller accounts, you can get an instant quote at [www.valleon.com](http://www.valleon.com)

# Payment Questions

## HOW DO YOU BILL FOR THE SERVICE?

The client can turn in their hours by email or fax. They are then invoiced, again by email or fax. The client then can pay by a variety of methods, depending upon which program they are enrolled in. **NO WC DEPOSITS, NO AUDITS, NO RETURN PREMIUMS.** It is a “pay as you go” system.

## WHAT IS THE DOWN PAYMENT NEEDED?

Nothing for the workers’ compensation coverage for their employees. An enrollment fee to enroll into the program will usually be their only “up front” costs.

## DOES THE BILL COME TO ME OR MY CLIENT?

All billings are emailed or faxed directly to the client.

# Enrollment Questions

## WHAT IS REQUIRED TO ENROLL?

A small amount of paperwork is required to be signed by the client and each of their employees complete an application, I-9 and W-4.

## HOW IS THE ENROLLMENT HANDLED?

All enrollments are ultimately handled by our office.

## CAN I BE INVOLVED IN THE ENROLLMENT?

Yes, if you wish.

# Account Service Questions

## HOW ARE CLAIMS HANDLED?

Claims are ultimately handled by the PEO's insurance company. However, the **valleongroup** has an inhouse claims department dedicated to keeping your claims cost low.

## DO YOU PROVIDE LOSS CONTROL SERVICES?

Loss control services can be provided, as needed, either by the insurance company on a request basis, or through independent safety professionals on a fee basis.

## HOW ARE RENEWALS HANDLED?

There are no renewals. Once a client is enrolled, they are continually a client until the relationship is ended by the client or the **valleongroup**.

## WHO DOES MY CLIENT CALL WHEN THEY HAVE QUESTIONS?

They will need to call our office at 972.323.9777.

## DO YOU SERVICE THE ACCOUNT OR DO WE?

The servicing of the account will be provided by our office. The agent has no service requirements of any kind. We do, however, suggest you continue to "keep close" to your client.

## HOW DO I KNOW TAX DEPOSITS ARE BEING MADE?

The PEO will provide proof of tax deposits upon request of the client company. In addition, the client company may confirm through the proper federal and state agencies that the leasing company is, in fact, current on its payment of 941 and quarterly taxes.

# Underwriting Questions

## WHAT KIND OF LOSS RATIOS ARE ELIGIBLE?

Loss ratios are not really the underwriting criteria. We look at the frequency and severity of losses in order to attempt to trend future losses.

## WHAT EXPERIENCE MODS WILL YOU CONSIDER?

Up to and including 2.00.

# Geographic Questions

## WILL YOU ACCEPT A MULTI-STATE RISK?

Yes, in most cases.

## WHAT STATES DO YOU OPERATE IN?

Please see our map on page 7 and 8.

# Timeliness Questions

## HOW LONG DOES IT TAKE FOR COVERAGE TO TAKE EFFECT?

Once we provide the first payroll services, we consider coverage to be in force. Coverage will be effective as of the beginning date of the first payroll. Coverage only applies to those employees for whom we perform payroll services.

## HOW FAST CAN WE EXPECT A BINDER?

Binders are not issued. Typically, certificates of insurance can be generated within 24 hours of the effective date of the agreement.

## HOW LONG DOES IT TAKE TO GET A QUOTE?

Often, within 2-3 days, on larger accounts. On smaller accounts, you can immediately receive a quote at [www.valleon.com](http://www.valleon.com).

## HOW FAST ARE CERTIFICATES OF INSURANCE ISSUED?

Usually within 24 hours of request.

# Stability Questions

## IS THE AMS PROGRAM STABLE?

Yes.

## HOW LONG HAVE YOU BEEN DOING THIS?

We have been associated with the insurance business since 1976. We have been providing employee leasing services to our clients since 1990.

## HOW MANY CUSTOMERS DO YOU HAVE?

the**valleon**group provides PEO opportunities for a large number of clients on a national basis.

## DO YOU HAVE REFERRALS THAT WE CAN CONTACT?

Upon request.