

COBRA CONTINUATION - OBLIGATIONS OF THE PARTIES

Obligations of Benefit Advantage, Inc.

A. General - Benefit Advantage, Inc. agrees to act and assist the Plan Sponsor in the providing of notices to a Qualified Beneficiary pursuant to an occurrence of a Qualified Event defined and as required by COBRA and the collection of COBRA premium payments from Qualified Beneficiaries. The duties shall include the following:

1. Initial Notification Upon Termination - Benefit Advantage, Inc. shall forward an Initial Notification to the Qualified Beneficiary, which describes in detail the Qualifying Beneficiary's COBRA continuation rights, the nature and extent of health coverage to be continued, and the procedures to elect COBRA continuation. This Initial Notification shall also include an election form. The Initial Notification shall be written in a manner, which is easy for the Qualified Beneficiary to understand, and shall be in compliance with COBRA and related administrative regulations. The Initial Notification shall be forwarded to the Qualified Beneficiary within fourteen (14) days of the date that the Plan Sponsor notifies Benefit Advantage, of the Qualifying Event.

2. Collection of Premiums and Payment to Plan Sponsor – Benefit Advantage, Inc. shall collect the required premium for COBRA continuation from the Qualified Beneficiary. Benefit Advantage, Inc. shall then remit all full premiums collected to the Plan Sponsor on a monthly basis.

3. Communication To Plan Sponsor- Benefit Advantage, Inc. shall inform the Plan Sponsor of COBRA premium payment or lack of COBRA premium payment made by a Qualified Beneficiary. Benefit Advantage, Inc. shall communicate its receipt of such payment or lack of payment to the Plan Sponsor through end of month summary reports.

4. Subsequent Notification

a. Premium Rate Changes - Benefit Advantage, Inc. shall notify Qualified Beneficiaries of any COBRA premium increase or decrease made by Plan Sponsor within thirty (30) days after notice from the Plan Sponsor or agent of the COBRA premium change.

b. Notification of Premium Due - Benefit Advantage, Inc. shall give timely notice to Qualified Beneficiaries of when COBRA premiums are due.

c. Notification of Termination - Benefit Advantage, Inc. shall give timely notice to Qualified Beneficiaries of any termination of coverage, including but not limited to, termination resulting from non-payment of COBRA premium or exhaustion of COBRA benefits.

d. Secondary Notification - Benefit Advantage, Inc. shall give timely notice to Qualified Beneficiaries of any COBRA secondary event, provided that the Qualified Beneficiary gives notice of the event to the Plan Sponsor and such information is provided to Benefit Advantage, Inc.

e. Maintenance of Eligibility –The Plan Sponsor shall take reasonable efforts to verify that a Qualified Beneficiary is eligible for COBRA continuation coverage, including but not limited to, verification that the Qualified Beneficiary has no other coverage available and is not covered by Medicare. The Plan Sponsor shall also take reasonable efforts to verify whether subsequent events have occurred which makes the Qualified Beneficiary ineligible for COBRA continuation coverage, including but not limited to, disability status with social security and attainment of dependent age limitations as specified in the Plan. This includes but is not limited to reviewing available reports and reconciling carrier invoices.

f. Monthly Reports - Benefit Advantage, Inc. will prepare monthly reports to be attached to the monthly premium check delivered to the Plan Sponsor detailing active COBRA Qualified Beneficiary as well as those Qualified Beneficiaries whose coverage is pending or terminated.

g. Maintenance of Records - Benefit Advantage, Inc. shall maintain all records regarding and relating to COBRA administration. Benefit Advantage, Inc. shall also retain all correspondence and other memoranda from Plan Sponsor, and Qualified Beneficiaries, including but not limited to, COBRA Enrollment Form, letters, notifications, telephone calls, election forms, mailing receipts, if any, waivers, and decision criteria. In documenting decision criteria, Benefit Advantage, Inc. shall document why decisions were made by it, when they were made, and how decisions were implemented.

h. Compliance with Laws - Benefit Advantage, Inc. shall provide its services in accordance with Public Law 99-272, Title X, including any amendments thereto, and in accordance with any other applicable law or regulation. Benefit Advantage, Inc. shall also provide its services in accordance with Plan Sponsor's Benefit Plan or Summary Plan Description.

Obligations of Plan Sponsor

In order for Benefit Advantage, Inc. to fulfill its obligations under this Agreement, the Plan Sponsor shall provide the following information to Benefit Advantage, Inc. in a reasonable time period:

1. Names of Qualified Beneficiaries (including employee, their spouse and dependents);
2. Addresses and Phone Number of Qualified Beneficiaries;
3. Dates of employment of Qualified Beneficiaries by Plan Sponsor or date of reemployment by Plan Sponsor;
4. Basis for the termination of the Qualified Beneficiaries employment by Plan Sponsor;
5. Any other information concerning Qualified Beneficiaries required by Benefit Advantage, Inc. to fulfill its responsibilities under this Agreement.

Benefit Advantage, Inc. shall develop forms for Plan Sponsor to complete to provide the information required to Benefit Advantage, Inc. in a timely fashion. The parties agree that Benefit Advantage, Inc. shall not be held responsible for any delay in providing COBRA notices to Qualified Beneficiaries or for the failure to provide a COBRA notice to Qualified Beneficiaries, which delay or nonperformance is caused or contributed to by the Plan Sponsor. Plan Sponsor, agrees to indemnify, hold harmless and repay to Benefit Advantage all claims, damages, costs or expenses, including attorney fees that Benefit Advantage may incur hereafter and/or may be required by law to pay as a result of Plan Sponsor's breach of any of its duties or obligations as set forth in this Agreement.

Benefit Advantage, Inc. will not be held responsible for history of the certificate of creditable coverage unless all parties are in agreement that such information is transferred to Benefit Advantage, Inc., and it becomes the responsibility of Benefit Advantage, Inc.

The Plan Sponsor shall take reasonable efforts to verify that a Qualified Beneficiary is eligible for COBRA continuation coverage, including but not limited to, verification that the Qualified Beneficiary has no other coverage available and is not covered by Medicare. The Plan Sponsor shall also take reasonable efforts to verify whether subsequent events have occurred which makes the Qualified Beneficiary ineligible for COBRA continuation coverage, including but not limited to, disability status with social security and attainment of dependent age limitations as specified in the Plan. This includes but is not limited to reviewing available reports and reconciling carrier invoices.

Benefit Advantage, Inc. agrees to indemnify, hold harmless and repay to Plan Sponsor all claims, damages, costs or expenses, including attorney fees that Plan Sponsor may incur hereafter and/or may be required by law to pay as a result of Benefit Advantage's breach of any of its duties or obligations as set forth in this Agreement.