



Pay As You Go - Terms and Conditions Endorsement

Policy Number:
Insured:
Policy Period: to
Account Number:

Dear Policyholder:

Thank you for participation in the Beacon Pay As You Go Program. You will have received an email from Beacon Mutual instructing you on how to establish your payroll contact and authorizing an ACH payment representative. Upon completion of the initial setup, a series of emails will be generated that will assist you in accurate reporting of your payroll. Correctly classifying employees is the key to a successful Pay As You Go experience. During the initial set up you may work with a Beacon Pay As You Go administrator to assist you with the classification of employees.

Premium will be calculated in accordance with your Beacon Mutual Workers' Compensation and Employers' Liability Policy. At policy issuance and subsequent endorsements, Beacon Pay As You Go will calculate the "net rate" per \$100 of payroll for each classification code on the policy, based upon the estimated premium for the policy. This method takes into account all rating factors and modifiers shown on your Policy Information page, which produces an accurate calculation of the estimated premium per pay period. Beacon Pay As You Go will calculate the correct premium for each employee as determined by the class code net rate to which they have been assigned. Payments will be automatically deducted via ACH transaction from the account you designate.

Beacon Mutual will require a file upload after every payroll run (weekly, bi-weekly, bi-monthly or monthly). If payroll is not going to be run, you must inform Beacon Mutual. Once a payroll file is received, the premium due will be calculated and an email sent notifying you that payment will be deducted via ACH transaction from your account. The payment schedule will be set to the schedule that matches the payroll reporting (weekly, bi-weekly, bi-monthly or monthly). This is the schedule when Beacon will require payments. If the required payment is not received or the payroll report is not uploaded, Beacon will initiate the cancellation process for non-payment of premium. If the insured expects to have a 'no payroll period' or is shut down for a short period of time, they must notify Beacon via the Beacon Pay As You Go administrator at 866-353-0725. If Beacon is not notified we will assume a reporting or payment default and initiate the non-payment cancellation process. This policy is subject to all other terms and conditions as described in the policy contract.

Once you are reporting via Beacon Pay As You Go, you will not receive Premium Invoices from Beacon Mutual.

A reconciliation will be conducted to reconcile your "net rate" to the premium shown on your Policy Information Page. Certain changes to class codes, officers or other policy modifiers will be reflected in the final policy reconciliation.

You will continue to be subject to the audit requirements set forth in the policy contract. If you do not allow us to examine and audit all of your records that relate to this policy, and/or do not provide audit information as requested, we may apply an Audit Noncompliance Charge of up to two (2) times your Estimated Annual Premium. If, within thirty (30) days of the date of the email notification of the impending ACH transaction following an audit, you allow us to examine and audit all of your records after we have applied an Audit Noncompliance Charge, we will revise your premium in accordance with our manuals and Part 5-Premium, G (Final Premium) of the policy contract. Failure to cooperate with this policy provision may result in the cancellation of your insurance coverage, as specified under the policy.



If you do not dispute in writing the determination of your final premium after a reconciliation or audit within thirty (30) days from the date of the email notification of the impending ACH transaction following the reconciliation or audit, you will be deemed to have accepted the basis for and the amount of the final premium adjustment.

You will continue to be governed by the Chapter 36, Section 28-36-15 of the workers' compensation law of Rhode Island, which states it is mandatory that you carry workers' compensation insurance for your employees and the terms of your policy. As such, if you do not continue to report your payroll and/or allow automatic premium deductions you will be subject to cancellation due to lack of payroll reporting resulting in the non-payment of premium and Beacon Mutual is required by law, Section 28-36-12 to notify the Director of Labor of this cancellation.