

The SUNZ

SUMMARY



Dear SUNZ Customers,

The global pandemic is proving to be an unprecedented time in our country's history. Being involved in the workers' compensation industry, we continue to keep a pulse on the latest developments and on how each industry is faring in each region.

While our nation is in a time of uncertainty with COVID-19, we want you to know that we are here for you during this time when you may need us the most. In the meantime, we are continuing with business as usual and are constantly working to improve our systems and processes to better serve your needs and enhance your customer experience.

SUNZ is continuing to evolve in the interest of our clients' needs. We understand the complexities of the market, especially right now, and are working toward continued process improvements to service your unique needs. We would like to highlight some of the changes implemented recently and inform you about future enhancements that will go into effect this year:

- We've made significant new policy system improvements with respect to the payroll intake process which allows for enhanced analytics and reporting.
- We have improved the billing process allowing our customers greater accuracy and accountability with regard to payroll and policy premiums.

We will be implementing this new billing process on a staggered schedule over the next several months. We expect all clients will be on the new billing program by the end of Q3 2020. As a reminder, please refamiliarize yourself with the current billing protocols and "rules of engagement," which will remain in place until your account is moved to the new weekly billing platform.

Updated billing protocols will be shared with you when your account is transitioned to the new billing process. Please review the contents of this newsletter and if you have any questions don't hesitate to reach out to one of our insurance experts for assistance.

We understand you are all being affected by COVID-19 in different, but tangible ways, and we look forward to continuing our commitment of personalizing your policies and being a positive energy in this very risky situation.

We thank you for your continued loyalty and partnership.

Sincerely,

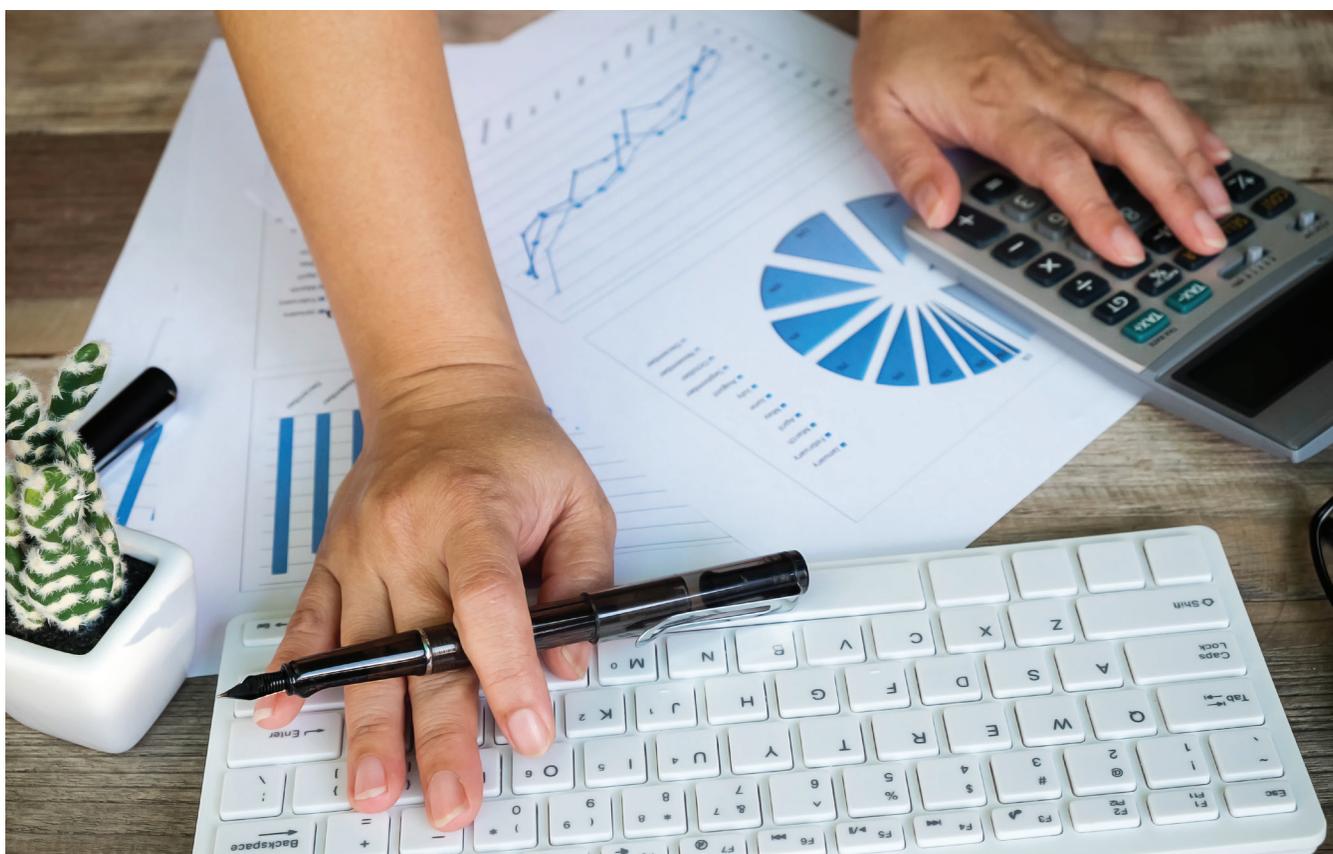
A handwritten signature in black ink that reads "Steven F. Herrig".

WE'VE EVOLVED!

Beginning in late 2017, all new programs and renewals were transitioned to our new policy system. We selected this system as the best to efficiently meet the complex policy issuance and reporting components for the PEO and staffing industries.

In 2019, our average days-to-issue dropped to under four days from policy effective date. This, in conjunction with daily bureau electronic reporting, provides PEO, staffing, and large companies clients with prompt coverage notification to all state databases.

Last year, we implemented a new internal intake process for reported payroll. This improved process electronically scrubs the submitted data for validation against the policy and stores all reported payroll in a database along with the status of each line of reported payroll. All unprocessed payroll transactions are now incorporated into a workflow that allows the payroll and underwriting teams to resolve and track errors and will permit SUNZ to provide reported-to-billed reconciliations.



SELF-REPORTED DATA ELEMENTS

Also in 2019, SUNZ initiated joint discussions with both clients and industry-leading payroll vendors regarding additional reported data elements to be included in the weekly self-reporting extract. These data elements will allow us to better analyze the reported payroll to provide meaningful feedback to our customers and also help streamline the final audit process.



DATA ANALYTICS AND REPORTS

In addition to our online claim analytics tools available through E³VA™, we have recently deployed monthly stewardship reports that provide valuable insight into the results of your program, including updated loss fund standing (if you have a large deductible policy), and current PEO, staffing, and large companies client lists. Also, monthly notification of non-reporting clients is now provided to minimize exposure and keep your coverages updated and accurate.

NEW AND IMPROVED PREMIUM BILLING PROCESS – ROLLOUT BEGINNING Q2 2020

We are in the early stage of launching our new premium and loss fund billing platform. We have heard from many of you that the current process makes reconciling reported payrolls to billed premium, loss fund (if you have a large deductible policy) and taxes/assessments overly complicated. The intake of the reported payrolls into a stored database now allows SUNZ to track each line of reported payroll along with its billing status.

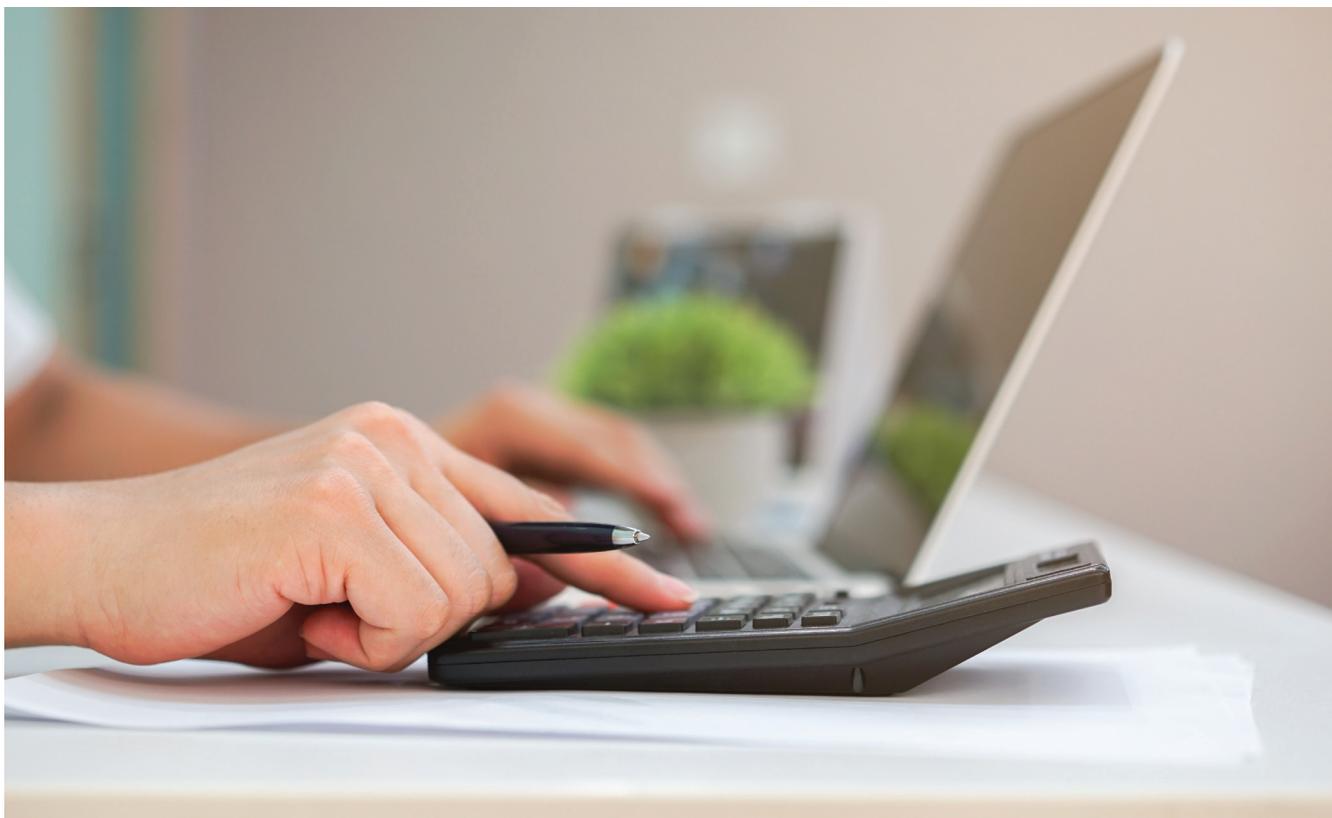


This new billing process eliminates the need for you to calculate and remit weekly estimated premium, loss fund, and taxes/assessments.

Instead, we will be moving to a weekly invoicing process where we calculate your premium, loss fund and taxes/assessment based on your weekly reported payroll. You will receive an invoice every Monday with payment due by the following Thursday. This streamlined process, implemented for all clients, means avoiding lengthy monthly reconciliation and confusing statements.

The weekly invoice will also include processed transactions for the prior week. Details to support the billing will be provided by client and class codes. Additionally, you will have access to an online tool that monitors the status of reported and billed payroll for any given week down to the employee level. SUNZ's goal is to give you the tools and information you need to manage your risk and support your client base.

Please note the current billing process outlined below will continue until you are notified of the transition to the new process.



CURRENT BILLING PROCESS

- Payroll files are due no later than Wednesday for the week ending the previous Saturday.
- To clarify the weekly provisional remittances of premium, loss fund and taxes, and assessments are based on the intra-month funding mechanics we have agree upon. Generally either (i) calculated by you based on your calculation of manual premium and your contractual funding rate or (ii) a fixed monthly amount. These weekly provisional remittances are due Friday following the submission.
- At the end of each calendar month, SUNZ calculates actual premium, loss fund and taxes and assessments for the month, and issues our clients a statement truing these amounts up, as necessary, with your provisional weekly payments. The statement presents previous balances, current invoiced amounts and payments received during the month. If there is a net balance due to us, payment is due within 10 days of receipt.
- Audit invoices are billed separately and are due as indicated on the audit invoice.
- Timely reporting of payroll and remittance of premium, loss fund and taxes, and assessments is essential to ensure no disruption in coverage. Late reporters and remitters will be notified via email when past due. Notices of cancellations will be issued if late payments are not received within one week of the past due notification.



SUNZ

INSURANCE

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Positive energy in a risky world.