

## NOTICE OF NEW PAYMENT PLANS

Cancellations for non-payment of premium in our new system are equity based. They are not based on invoice due dates. The equity date is calculated by the system and is defined as the date in which the premium charges under the policy exceed the currently available money to pay the premium charges. Cancellation notices are sent 15 days in advance of the equity date.

Due to the timing of the invoice due dates, and the current equity billing configurations, a policyholder can receive a notice of cancellation for non-payment of premium in advance of their invoice due date. Understandably, this has resulted in some customer dissatisfaction.

We are addressing this issue by implementing three new payment plans. The new pay plans will replace our existing monthly, quarterly, and semi-annual plans. The 4 pay and 2 pay payments plans will be effective for all new business immediately. Existing policyholders on the quarterly and semi-annual plans will transition at renewal.

The only change to the monthly payment plan is the required down payment. The required down payment will go from 20% to 25%. At this time, this change has not been configured in the system. As a result, policyholders on the monthly pay plan, or the old quarterly or semi-annual pay plans may still be receiving notices of cancellation for non-payment of premium in advance of their invoice due date.

A policyholder on one of our legacy billing plans can take one of the following actions to avoid receiving notices of cancellations in advance of their due date:

1. Enrolling their account in ACH will eliminate the problem.
2. Pay more than the current amount due. We recommend paying an additional 5% of the annual premium.

Here are the changes to our pay plans:

Current Pay Plan	Current Plan Design	New Plan	New Plan Design
Quarterly	25% down, 3 remaining installments due 3, 6, and 9 months from policy effective date	4 Pay	25% down, 3 remaining installments due two, four, and six months from policy effective date
Semi-Annual	50% down, 1 remaining installment due 6 months from policy effective date	2 Pay	50% down, 1 remaining installment due four months from policy effective date
Monthly	20% down, 8 remaining monthly installments starting 2 months after policy effective date	25%-8 Pay	25% down, 8 remaining monthly installments starting 2 months after policy effective date