



**Wage Secure**  
PEACE OF MIND INSURANCE

**Wage Secure, LLC**

*(267) 495-2424*

747 Dresher Road, Suite 100  
Horsham, Pennsylvania 19044

Presenter:

Date:

# What is WAGE SECURE

- An innovative new program designed to help meet the needs of middle and upper-income employees who have been involuntarily unemployed.
- It combines with state unemployment to replace 50% of a policyholder's wages.
- The product support and back office handled by Blackmore General Insurance Agency, the end-to-end Managing General Underwriter.



## DID YOU KNOW...

Between 18 and 44 years of age, a person is **180 times more likely** to experience unemployment than die - while life insurance is a widespread employment benefit, unemployment insurance is unavailable to most workers.<sup>1</sup>

The chance of being disabled is **1 in 80** - which is **5-10 times** less likely than losing employment.<sup>2</sup>

From 2011-2013, **4.3 Million workers** were displaced from jobs that they held for 3 years or more.<sup>3</sup>



1. BLS Longitudinal Study, 9/10/10
2. Society of Actuaries, Individual Disability Experience Committee Morbidity Table, unisex, average ages 45-50.
3. Bureau of Labor Statistics, Worker Displacement Release, 8/26/14

# WHAT ABOUT UNEMPLOYMENT?

## Unemployment System

- Historically, state benefits were intended to provide approximately 50% of former salary and balance social welfare with the incentive to aggressively seek new employment.

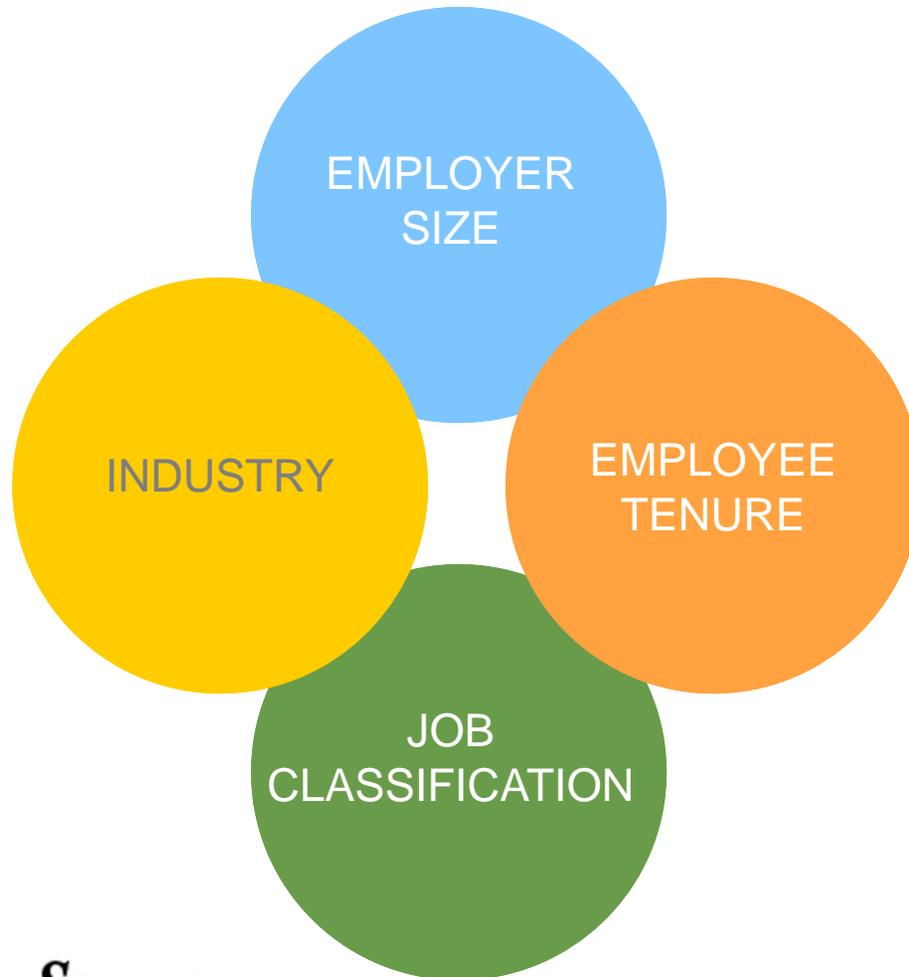
## However...

- States cap benefits at relatively low weekly amounts averaging a little more than \$300 per week.<sup>1</sup>

State unemployment systems do not provide adequate replacement of income for middle to higher income workers.

# WHAT ABOUT SEVERANCE?

Severance Packages vary by:



But it's often not enough

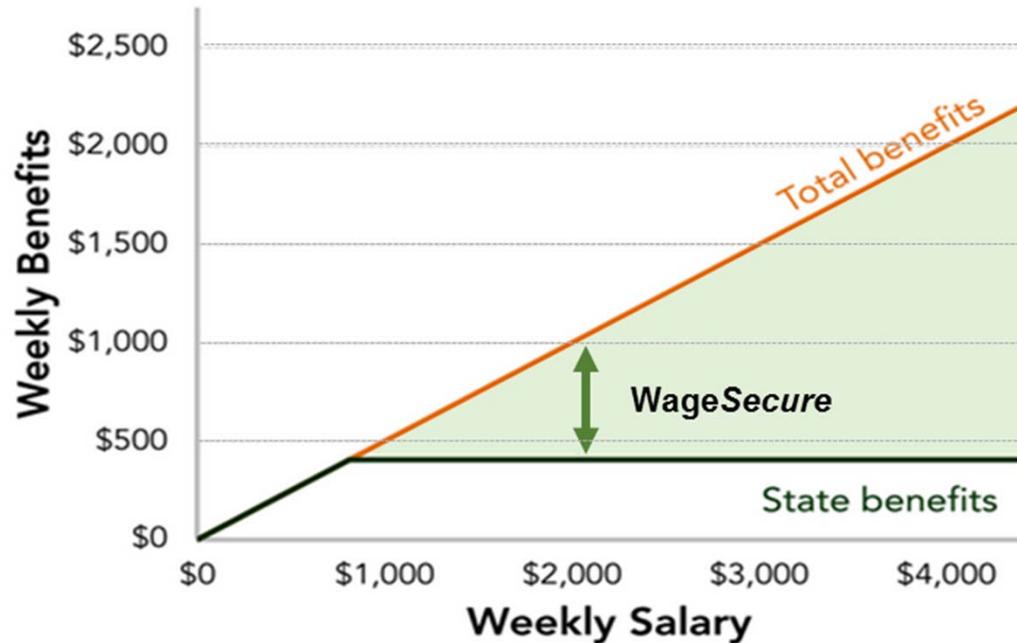
## IS THIS A REAL ISSUE FOR EMPLOYEES?

Unemployment is on the minds of American workers, and their worries may be harming productivity.

- Unemployment is in the news every day. Everyone knows someone who was laid off in the last few years.
- 58% of workers identify job uncertainty as the most pressing financial issue facing most Americans today.<sup>1</sup>

# PRODUCT AND BENEFITS

# BENEFIT EXAMPLES



The higher the insured's income, the larger Wage Secure's proportion of the 50% total income replacement.

$$\$ \text{ Unemployment } \$ + \text{ WAGE SECURE } = 50\%$$

# BENEFIT EXAMPLES

Employee Annual Income	Weekly Income	NY UI Weekly Max*	Replacement without Wage Secure	WS Weekly Benefit*	Total Weekly	Replacement with Wage Secure
\$75,000	\$1,442	\$420	29.1%	\$301	\$721	50%
\$100,000	\$1,923	\$420	21.8%	\$542	\$962	50%
\$250,000	\$4,807	\$420	8.7%	\$1,984	\$2,404	50%

\* -NY State UI Benefit max as of 10/5/2014

# EMPLOYER BENEFITS

- Cost Savings for Employers (FICA, Payroll Expenses, Etc.)
- Unique New Benefits
- Promotes Financial and Emotional Security
- Cash Flow/Expense Predictability



# SEVERANCE ILLUSTRATION

## ABC Company

- Financial services industry and looking to reduce expenses.
- Looking to replace part of their current Employee Severance program with a Wage Secure plan that coordinates with Unemployment Insurance to provide 50% wage replacement for up to 6 months.
- Current severance program offers 2 weeks pay for every year worked.
- They have 4,600 impacted employees making over \$50,000 with an average wage of \$80,000 and an average tenure of 4 years.
- As of Oct. 2014, per the DLS, the median time it takes for an employee to find a replacement job is 13.7 weeks.



# DISPLACED EMPLOYEE IMPACT

## ABC Current Program

Severance Package Avg. = \$1,538 per week for 8 weeks  
Plus unemployment benefits post severance payout of \$375 per week  
For a total average 13.7 week separation package of \$14,445

## ABC Wage Secure Program

Unemployment Benefits = \$375 per week  
Wage Secure Benefits = \$394 per week  
Total Weekly Package = \$769 per week - up to 26 weeks

Replacement Earnings = \$10,538 - \$18,462  
for employees displaced between 13 and 26 weeks

**Wage Secure Benefits vary by how long it takes a displaced employee to find work while still offering a competitive separation package.**

**Wage Secure pays more for those struggling to find replacement work!**

# EMPLOYER COST IMPACT

## ABC Current Program

Severance Costs	\$2,264,615
FICA Taxes	\$173,243
HR/Payroll Expense	<u>\$73,600</u>
Total Cost	<b>\$2,437,858</b>

\*Assumes a 4% displacement rate

## ABC Wage Secure Program

Severance Costs	\$0
FICA Taxes	\$0
HR/Payroll Expense	\$0
Wage Secure Premiums	<u>\$2,208,000</u>
Total Cost	<b>\$2,208,000</b>

- Total Cost Savings for ABC Company = **\$229,858**.
- Provides a competitive severance program while allowing a company to efficiently use payroll taxes.
- Provides employees who have the hardest time finding work with a longer safety net.

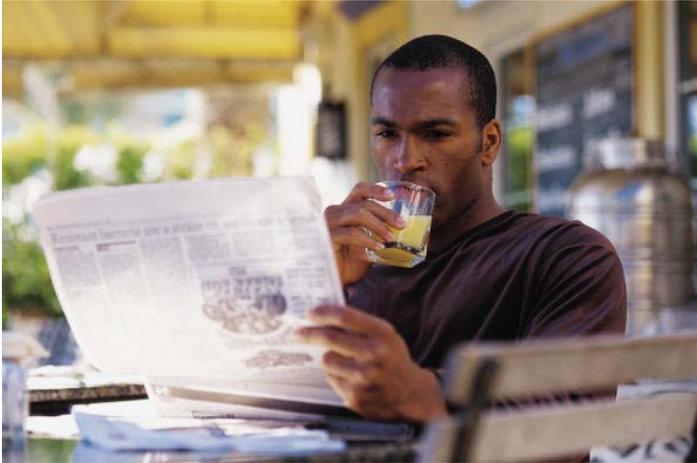
# WAGE SECURE HIGHLIGHTS

- Supplemental unemployment insurance is designed to fill the financial gap which may occur in the event of an involuntary job loss.
- Makes up the difference between the amount of approved state UI benefits and the replacement percentage up to a maximum covered annual wage of \$250,000.

<b>Eligibility</b>	Full-time active employees earning greater than \$50,000 per year
<b>Elimination Period</b>	2 weeks following initial state benefit
<b>Benefit Waiting Period</b>	During first 6 months following effective date, involuntary unemployment results in a refund of premium
<b>Replacement Percentage</b>	Up to 50% of covered earnings in combination with state UI benefit
<b>Benefit Period:</b>	Up to 24 weekly benefit payment
<b>Waiver of Premium</b>	Yes, Premiums are waived during the benefit period
<b>Underwriting Requirements</b>	None
<b>Premium Calculation</b>	Your premium will be calculated based on a number of factors including your work state, occupation and covered wages and in most cases will be less than 1% of covered wages
<b>Insurance Company</b>	AXIS Insurance Company, rated A+ (Superior) XV, by A.M. Best
<b>Premium Payment</b>	Convenient payroll deduction or Employer Sponsorship



# EMPLOYEE VALUE PROPOSITION



- Wage Secure is a risk management tool that allows employees to live their lives while employed with more security about their future.
  - Could you and your family live on the \$300/week that the average American receives in state unemployment?
- 
- COBRA premiums will eat up most of their unemployment. How will they pay their other basic expenses?
  - Wage Secure allows employees to keep their head above water while they find the right next job and avoid a frantic job search.

# BROAD UNDERWRITING ELIGIBILITY

**Most full-time/  
non-seasonal  
businesses eligible**  
(1000's of SIC codes)

- Minimum eligible salary \$50,000
- Maximum salary \$ 250,000

**Minimum Group size**  
(250 eligible employees)

- LOW Minimum participation
- 10% / 25 employees participation

## Easy quote process

- Simple 2 page request for quote
- Limited census data required
  - Age
  - Salary
  - Date of hire

**48 hour quote  
turn-around on most  
accounts**

## WAGE SECURE AND OUR PARTNERS

**Wage Secure** is a simple product to market, communicate, enroll and administer. We own the patent for the supplemental unemployment insurance program offered.



**Blackmoor General Insurance Agency** is a wholly owned subsidiary of Signature Consulting Services (SCS). They are well respected in the insurance industry as an experienced MGA and TPA. Blackmoor's expertise is managing unique niche insurance products and services. They are the end-to-end managing general underwriter for this program.

# WAGE SECURE AND OUR PARTNERS



**Axis** - Our highly experienced underwriting, claims, modeling and actuarial teams have a breadth and depth of knowledge that distinguishes us in the industry. Clients around the globe value our expert underwriting, skilled claims management, and world-class coverages.

## Exceptional Financial Strength

Our policies are backed by the exceptional financial strength and solid claims-paying ability of the AXIS insurance companies, rated “A+” (Strong) with a Stable Outlook by Standard & Poor’s and “A+” (Superior) XV with a Stable Outlook by A.M. Best.

## Global Presence

We serve a host of industries and diverse coverage needs through our operating subsidiaries and branch offices in Bermuda, Australia, Canada, Europe, Latin America, Singapore and the United States.



Questions  
&  
Next Steps



**Wage Secure**  
PEACE OF MIND INSURANCE

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