

HOW TO USE THIS EMPLOYEE HANDBOOK

This Employee Handbook is provided for your use as a ready reference and is a summary of most of our personnel policies, work rules and benefits. It is designed to acquaint you with «1» as quickly as possible. In order to fully administer our programs, it is essential that all employees familiarize themselves with these contents.

While we expect to continue offering all the benefits described in this guide in the future, we reserve the right to alter, suspend, or eliminate benefits and/or policies based on the goals and needs of our organization and its clients at any time. After any changes occur, updated or supplemental pages will be released.

Please understand that this booklet merely highlights company policies, practices and benefits for your personal education and cannot be construed as a legal document nor used for strict interpretation of the policies or benefits which are described. The policies, practices and benefits described in this booklet do not represent a contractual agreement as to your terms of employment.

SECTION II EMPLOYMENT POLICIES AND PRACTICES

II-1 EMPLOYMENT

«1» is an Equal Opportunity employer. We do not allow discrimination in any aspect of employment relationship including hiring, termination, promotion, training, compensation or benefits, based on race, sex, age, religion, creed, color, national origin, handicap, martial status, sexual preference, or pregnancy. This policy also prohibits sexual harassment.

We intend to operate our business in compliance with Equal Opportunity laws and regulations of the Federal, State or Local government. Any violation of this policy or retaliation against an individual for asserting their legal rights will result in disciplinary action up to and including termination of employment. Any violation of this policy should be brought to the attention of the Vice President, Operations, who is charged with the responsibility of carrying out application of this policy.

II-2 SELECTION

Our employees are selected on the basis of ability. For some positions, we also give tests to assist in judging your job skills. It is our policy to promote from within when this supports our business objectives. As jobs are vacated or created, you will be made aware of the opportunity and may express interest to the Vice President, Operations.

II-3 EMPLOYMENT APPLICATION

The employment application is an important part of our hiring procedure. A clear understanding of your background and work history will aid us in placing you in a position that matches your qualifications and our business objectives. It also may assist us in possible future upgrading since your employment application becomes part of your permanent personnel record. All information submitted on the application is confidential but subject to verification. Falsification of the employment application is grounds for dismissal.

**SECTION IV - PERFORMANCE
SALARY ADMINISTRATION
PROGRAM**

IV-1 PERFORMANCE REVIEW PROGRAM

It is our policy to formally evaluate our employees' job performances on a regular basis. Merit increases are directly related to the performance levels displayed by each employee. It should be noted that the specific accomplishments and /or failures of each employee are a daily concern of the Agency's management.

IV-2 GUIDELINES

- 1) The Performance Review is an objective review of your performance based upon previously agreed-to-standards for your job.
- 2) The Performance Review deals only with job related information.
- 3) Notes are kept by your supervisor on a continuing basis during each review period relating to both deficiencies and accomplishments.

IV-3 EVALUATION OF ALL EMPLOYEES

The agency's management reviews employees in two general areas; performance of major duties and responsibilities and contributing factors. Inspection of the Performance Review form will help in understanding the two areas. Job functions are specific to a given position in the agency; contributing factors are applicable to all positions in the agency.

Your Performance Review occurs at least annually.

IV-4 METHOD OF REVIEW

You are notified prior to a scheduled Performance Review to provide an opportunity for candid exchange about the

particular job and all it entails, and also on other aspects of your situation that may also have an effect on performance and potential progress in the salary scale or agency hierarchy. You are provided a copy of the Performance Review Form and asked to complete it.

A meeting between you, your manager and the Vice President of Operations is held to allow all parties to critique the documentation of the review. At this time, all of you will try and reach an agreement as to the conclusions of the review and any future actions that have to be taken. If training is decided upon, its character and schedule is established; if performance improvement is the outcome, the needed remedial action is determined. If advancement is planned, its schedule and direction is established. You may be advised that performance is acceptable and no other action is required.

At the conclusion of the final meeting or any brief adjournment of it, all parties "sign off" on the final Performance Review Form. If you do not agree with the evaluation, you will still be asked to sign the form acknowledging that you received it. You may, however, write a rebuttal covering any areas of disagreement.

IV-5 FOLLOW-UP

Both management and you must follow through to ensure that what was planned and agreed to for the future in the review actually is achieved within the appropriate timeframe. If some reason for modification of the plan should arise, such as changes in business conditions, an agreement as to how to accommodate the conditions, etc., continues throughout the interim period to the next formal Performance Review.

IV-6 PERFORMANCE RATING GUIDELINES

Here are the performance rating guidelines used to evaluate your performance:

RATING:

DEFINITION:

Outstanding (5)

Always exceeds standard requirements of the job,

demonstrates extra effort at all times.

Superior (4)

Frequently exceeds standard requirements of the job, demonstrates extra effort.

Good (3)

Meets standard requirements of the job, demonstrates good performance.

Fair (2)

Meets most requirements of the job.

Poor (1)

Does not meet the minimum requirements of the job.

POSITION DESCRIPTIONS
AND
SALARY RANGES

OVERVIEW

Every position in the agency must have a job description that outlines the primary function of the job as well as the specific duties required to perform the work.

Once you have a position description prepared, you must establish salary ranges for each job in the agency.

This section contains position descriptions for most jobs found in an insurance agency.

To illustrate how to structure salary ranges, included here is a sample agency's list of positions and salary ranges. You will note that each position has a classification assigned to it which corresponds to the salary level. As previously mentioned, position classifications are assigned based on the complexity of the work, the value of the position to the agency and the relation of the position to others in the agency.

For your information, the sample agency is located in Southern California where the standard of living is higher than the national average, therefore, the salary levels may reflect this situation.

When establishing the salary ranges for the positions in your agency, it's essential that you consider the particular demographics, marketing conditions and employment and industry norms in your area.

To determine competitive salary ranges for comparable positions in your area, you may obtain published survey sources through the following organizations:

- Chamber of Commerce local survey group
- U.S. Department of Labor, Bureau of Labor Statistics - Area Wage Survey
- Life Office Management Association (LOMA)
- American Management Association (AMA), Executive Compensation Service

Additionally, the Professional Insurance Agents (PIA) or the Western Association of Insurance Brokers (WAIB) may be able to assist you.

POSITION DESCRIPTIONS

POSITION TITLE

Sales Manager

Life/Employee Benefits Manager

Sales Representative

Account Executive

Servicing Agent

Sales Coordinator

Life/Employee Benefits Account Manager / Customer Service Representative

Commercial Lines Department Manager

Marketing Manager

Marketing Representative

Commercial Account Manager / Customer Service Representative

Bond Representative

Commercial Lines Assistant

Personal Lines Department Manager

Personal Lines Customer Service Representative

Personal Lines Assistant

Administrative Manager

Administrative Assistant

Automation Coordinator

Receptionist

Claims Manager

Claims Representative

Agency Accountant/Agency Bookkeeper

Agency Trust Accountant/Agency Trust Bookkeeper

**POSITION DESCRIPTION
SALES MANAGER**

Position Title:

Position Classification:

Reports To: President

Primary Function: To be responsible for all functions performed in the Sales Division.

Supporting Functions:

1. To be responsible for the selection of new employees in the department.
2. To be responsible for the training of all employees in the department.
3. To ensure that department is meeting the quality standards of the agency.
4. To ensure that all systems, procedures and insurance company regulations are communicated to and adhered to by all employees in the division.
5. To evaluate all employees in the department on a semi-annual basis.
6. To formulate, recommend and monitor the financial goals of the department including individual production goals.
7. To ensure that the department completes its operational projects on time.
8. To perform special projects at management's request.
9. To review and or monitor all new business prior to submission to Marketing Department.
10. To prepare, analyze and submit monthly management reports as required.
11. Responsible for working with other members of the management team and assisting in the overall management of the agency.
12. Maintain department attendance records.
13. Perform the duties of a sales representative.

SALES MANAGER (Continued)

14. Perform the duties of an account executive on selected accounts.
15. To formulate, recommend and monitor the agency's Commercial Lines Production Programs.
16. Coordinate agency advertising.
17. Keep abreast of trends and techniques, and research and develop new, improved selling tools and aids to maintain a competitive status for the agency within the industry.
18. Assist with administering an effective Exception Accounts Program that will retain present major accounts and attract additional accounts for the continued profitable growth of the agency.
19. Provide assistance to producers in securing prospects, determining quotations, and other related activities.
20. Administer producer management plan: Analyze production and loss results of producers on a regular basis (taking into account monthly experience and production runs).
21. Assist producers and Production Department staff with problem areas within the agency.
22. Assist producers with claims, accounting, underwriting, auditing and engineering problems.
23. Supervise licensing and activities related thereto.
24. Coordinate production bulletins to keep producers informed.
25. Supervise the Life/Employee Benefits department.

POSITION DESCRIPTION

Position Title: **COMMERCIAL ACCOUNT
MANAGER/
CUSTOMER SERVICE
REPRESENTATIVE**

Position Classification:

Reports to: Commercial Lines Manager
Primary Functions: To be completely responsible for the service, including computer input and update, of a section of commercial lines accounts and to provide prompt, and courteous service to insureds, sales representatives and insurance companies regarding those accounts.

Supporting Functions:

1. To receive, document and process all insureds' requests for service and to submit this information to insurance companies within the company's binding authority but no later than 10 working days.
2. To process all incoming mail for your accounts within 10 working days on all premium bearing and coverage items and within 30 days on non-premium and non-coverage items.
3. To review regular renewals with producer and obtain all necessary information from customers no later than 60 days prior to expiration. Exception account renewals are to be referred to the Commercial Lines Manager at least 90 days in advance of expiration.
4. To issue binders, when needed, and invoice no later than inception date on renewals and be responsible for mailing them out.
5. To check accuracy and completeness of all premium transactions issued by insurance companies before invoicing and distribution.
6. To check and process all audits received from insurance companies within 5 days of receipt.
7. To assist in training other employees at manager's request.

ACCOUNT MANAGER POSITION (Continued)

8. To follow all agency systems, procedures and insurance company regulations; in specific: Expiration Tracking Procedure, New Business Reporting Procedure, Binder Procedure, Market Data Form Procedure, Action Memo Form, Accounting Procedures, File Construction and Suspense.
9. To perform and meet the timeframe for special requests and projects at management's request.
10. To attend 90% of all training programs sponsored by the agency.
11. To understand and successfully use agency automation.
12. To attend 90% of all Account Manager meetings.
13. To adhere to agency attendance policy.

SAMPLE AGENCY

SALARY RANGES

<u>POSITION TITLE (CLASSIFICATION)</u>	<u>SALARY RANGES</u>
Personal Lines Manager (54)	\$30,000-39,000-48,000
Commercial Account Manager (54)	\$30,000-39,000-48,000
Claims Manager (54)	\$30,000-39,000-48,000
Administrative Manager (54)	\$30,000-39,000-48,000
Agency Trust Accountant (54)	\$30,000-39,000-48,000
Agency Accountant (54)	\$30,000-39,000-48,000
Commercial Account Assistant (53)	\$20,000-27,000-34,000
Personal Lines Customer Service Representative (53)	\$20,000-27,000-34,000
Life/Group Account Manager (53)	\$20,000-27,000-34,000
Administrative Assistant (52)	\$17,000-22,000-27,000
Personal Lines Assistant (52)	\$17,000-22,000-27,000
Receptionist (52)	\$17,000-22,000-27,000
Sales Representative	Commission