

***Office of the Ohio Insurance Liquidator***

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October 3, 2003

To: All Members and Agents of Builders & Contractors Employee Benefit Association Trust

Re: Builders & Contractors Employee Benefit Association Trust, In Rehabilitation

As I explained to you in my last letter, the ongoing operation of Builders & Contractors Employee Benefit Association Trust ("Builders & Contractors") is not viable and thus we have been negotiating with other health insurance providers to assume insurance coverage for all of the current members of Builders & Contractors. We have recently received two proposals for this ongoing coverage and have determined that the proposal made by Medical Mutual of Ohio ("MMO") is the proposal that is in the best interest of the current members. We have obtained from MMO a commitment to underwrite all health coverage currently provided to members of Builders & Contractors and thus we will be discontinuing providing any further health coverage through Builders & Contractors by December 1, 2003. For that reason, **IT IS IMPERATIVE THAT YOU TAKE STEPS TO MOVE YOUR HEALTH COVERAGE BEFORE DECEMBER 1, 2003.**

Under our agreement with MMO, you are not obligated to move your policy to MMO, but we believe that the proposal that MMO has made will be very attractive to you. That proposal gives you a two-month window to move your insurance coverage to MMO. Some agents have been aggressively working on this already, and where this has happened, MMO and the agents are prepared to file the applications and move your coverage effective October 1, 2003. For those who cannot or who choose not to move so quickly, MMO has agreed that you can have two months to apply for coverage with MMO and have your coverage thus be effective November 1 or December 1, 2003.

As to premium rates, MMO has agreed to issue its standard small group policies to any members who move their business from Builders & Contractors to MMO and to try to match those small group policies as closely as possible to the existing coverage that you have with Builders & Contractors. Assuming a policy available through MMO has benefits comparable to the current policy that you have with Builders & Contractors, MMO has agreed to charge the same premium on its new policy as you are currently paying on the Builders & Contractors coverage. There are a couple of exceptions to this that could cause the premium charged by MMO to be different from the premium you are currently paying to Builders & Contractors. The first is if there are benefits provided under the group policy available by MMO, which benefits were not included under your current coverage through Builders & Contractors. For instance, I understand the Builders & Contractors often do not include maternity benefits in its coverage, while that is a benefit in all of MMO's policies. To the extent that the new policies with MMO will have this additional benefit, there will need to be a premium increase commensurate with the additional benefit

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being offered. Additionally, MMO has certain established rates for its policies. As a matter of law, MMO cannot discount its premiums more than 35% below these established rates, nor can it charge more than 35% above these established rates. If your current premium with Builders & Contractors is below or above this allowed window for MMO, the premium will need to be adjusted up or down to fit within this pricing window.

Once the initial premium has been established, MMO has agreed to keep that premium for the entire remaining term of your current Builders & Contractors' coverage. Thus for instance, if your coverage with Builders & Contractors is due to be renewed in May, you will continue to pay MMO the same premium that you are currently paying Builders & Contractors (with the adjustments discussed above) until next May. On those renewal dates, MMO will then re-evaluate the premium rate based on its standard underwriting procedures. An additional factor that you should consider in moving your coverage to MMO is that while MMO will be, in effect, honoring your current premium level, it will require that new deductible levels be met for the remainder of this year. Thus, deductibles that you have already paid for this calendar year will not reduce the deductibles that you will have to pay under a new MMO policy for the remainder of this calendar year.

MMO has also agreed to honor and work with all current agents who have previously placed this business with MMO and I have provided information to the agents to assist them in moving your coverage to MMO. You should contact your agents to work through this transition. If your coverage with Builders & Contractors was not through an agent, we will assist you in finding an agent to help you with this transfer.

Of course, you are not required to move your business to MMO consistent with this agreement that we have reached with them, and you should discuss other options with your agent. Nonetheless, because this coverage option is available to all members of Builders & Contractors, we will not be renewing or issuing any coverage after November 30, 2003 through Builders & Contractors. Thus, **IT IS IMPERATIVE THAT YOU MOVE YOUR COVERAGE TO MMO OR SOME OTHER HEALTH INSURANCE CARRIER EFFECTIVE NO LATER THAN DECEMBER 1, 2003.**

If you have any questions about this that your agent is not able to answer for you, please feel free to contact Builders & Contractors at (330) 865-9800.

Very truly yours,



Douglas L. Hertlein  
Chief Deputy Rehabilitator