



August 30, 2012

I am writing to share with you an alert from the New Jersey Comptroller, which relates to workers' compensation administration for government entities. Please see the attached PDF file copy of the Comptroller's alert.

Inservco believes that our business practices are fully compliant with law. Furthermore, it is our understanding that Inservco's practices are consistent with the practices of other businesses that perform third-party administration (TPA) claims services.

Inservco has always informed its clients of the cost of the services being charged to the client. Inservco's process is to identify quality vendors who have excellent reputations, stability and competitive pricing. We test vendors to ensure we have a good match for our client base. What should be important to you, the self-insuring client, is that you are receiving quality services at competitive prices.

In the past, there were a variety of reasons why Inservco did not actively inform our clients of our vendor arrangements. The main reason was that these arrangements were proprietary and the disclosure of these arrangements could put Inservco at a competitive disadvantage in an extremely competitive industry.

Nevertheless, several years ago, Inservco made the decision to inform its clients of our vendor arrangements. While some TPAs still do not disclose their business arrangements, Inservco voluntarily discloses them in an effort to be transparent.

Inservco's standard contract informs potential customers of these vendor arrangements. The client is again informed of these vendor arrangements in their stewardship reports.

Inservco has worked diligently to establish its reputation for service excellence and superior claims handling service, and for providing those outstanding services at very competitive prices.

We thank you for your business relationship with Inservco.

Sincerely,

Michael S. Pierson, AIC
Regional Vice President