

**ALLEGHENY COUNTY SCHOOLS HEALTH INSURANCE
CONSORTIUM**

December 31, 2003

**NOTICE CONCERNING CHANGE TO PROCEDURE FOR ASSESSMENT
OF PENALTIES TO DELINQUENT MONTHLY PREMIUMS**

Effective January 1, 2004 (beginning with the January 5, 2004 invoice covering the February, 2004 premium, with payment due January 20, 2004), the procedure for assessing penalties on the late payment of monthly premiums to the Allegheny County Schools Health Insurance Consortium ("Consortium") will change.

Pursuant to the changed procedure, a Participating School Entity which does not timely pay its monthly payment to the Consortium, will be charged a 10% penalty on the outstanding monthly premium, prorated on a daily basis, with interest added at 6% per annum, compounded at the end of each month, on the delinquent premium, until the required payment is made. When the payment is made, it will be applied first to the satisfaction of the penalty fee and interest, then to the payment of the delinquent monthly premium. If the Participating School Entity makes timely payment of the monthly premiums for three consecutive months following the delinquent monthly payment, it will not incur the 10% penalty, but will be required to pay the accrued interest, for the delinquent monthly payment.

Example

Assume that a Participating School Entity is billed the monthly premium of \$100,000 by the January 5, 2004 invoice, which is required to be paid by January 20, 2004. However, the Participating School Entity fails to make the premium payment until February 20, 2004, and also fails to make the timely payment of a monthly premium in one of three consecutive following months.

The Participating School District will be assessed a 10% penalty on the \$100,000 on a daily basis from January 20, 2004 through February 20, 2004, and interest added at the rate of 6% per annum to the delinquent premium, as follows:

Delinquent Payment	\$100,000.00
10% Penalty (01/20/04 through 02/20/04 - 31 days)	\$ 861.12
Interest through 02/20/04	\$ 517.28
	\$101,378.40

If there are any questions concerning the change to the procedure for the assessment of penalties to delinquent monthly premiums, please contact Michael Garofalo (412-263-6353) or Kathy Glynn (412-263-6374) of Aon Consulting, Inc.

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