

TABLE OF CONTENTS

GENERAL INFORMATION	1
Company History	1
Employment at Will	1
Equal Employment Opportunity	1
Harassment.....	1
STANDARD PRACTICES.....	3
Drug and Alcohol Use.....	3
Weapons	3
Non-Disclosure.....	3
Conflict of Interest	3
Fraud	4
Personal Property	4
Dress Guidelines.....	4
Part Time Employment	5
Hiring of Relatives.....	6
Use of Phone and Mail Systems	6
Internet and Email Usage	6
Resignation.....	7
Job Posting.....	8
TIME OFF	9
Planned Time Off.....	9
Unplanned Absences and Accidents	12

TABLE OF CONTENTS

YOUR JOB	15
Personal Information	15
Job Description and Pay Information	15
Flex Time.....	16
Overtime.....	16
Performance	17
BENEFITS	19
Eligibility	19
Medical and Dental Benefits	19
Income Benefits	21
Miscellaneous Benefits	24

General Information

Company History

The Virginia Property Insurance Association operates state wide and provides fire and allied lines coverage through the use of dwelling and commercial fire policies. The Association also writes liability and theft insurance for owner occupied dwellings as an endorsement to the dwelling fire policy.

The Virginia Property Insurance Association was established as an industry placement facility pursuant to the provisions of Chapter 27 of the Insurance Code of Virginia. The company is regulated by the State Corporation Commission, Bureau of Insurance. The Virginia Property Insurance Association is not a government agency or organization. This Association is comprised of voluntary market insurance companies that are licensed to write fire and allied lines insurance within the State of Virginia.

Employment at Will

The Virginia Property Insurance Association reserves the right to modify, terminate, revoke or suspend any or all of the benefits, policies and procedures set forth in this handbook in whole or in part at any time with or without notice. This manual is not intended to create, nor is it to be construed to constitute, a contract between the Virginia Property Insurance Association and any one or all of its employees. All employees are employed for a term of indefinite duration and, thus, either the Association or the employee may terminate the relationship at any time, for any reason, with or without cause and with or without notice.

Equal Employment Opportunity

The Virginia Property Insurance Association is an Equal Opportunity Employer. It is the Association's policy to afford equal career opportunities to qualified individuals regardless of their race, color, religion, national origin, age, sex or disability and to comply with all applicable laws and regulations.

Harassment

Federal law prohibits discrimination, and any form of harassment, because of age, sex, race, creed, color, religion, disability, or national origin in all employment practices. It is the policy of the Virginia Property Insurance Association to maintain a work environment which is free from any form of harassment, either intentional or unintentional.

Responsibility

- A. All Virginia Property Insurance Association employees in a supervisory capacity are responsible for ensuring that their departments are free of conduct that can be considered harassing under the guidelines of this policy, and to inform management, or the Chairman of the Board of Directors, of any violation of this policy.
- B. It is the responsibility of management, or the Chairman of the Board of Directors, to take firm disciplinary action in accordance with this policy to assure that the Virginia Property Insurance Association meets its responsibilities to the employees. Reasonable measures will also be taken to protect the reporting employee from any retaliatory behavior.

Guidelines

- A. **Definitions of Sexual Harassment** - Prohibited sexual harassment includes:
1. Sexual advances or physical contact which is unwanted or considered unacceptable by another individual.
 2. Request or demand for any type of sexual favor that is accompanied by an implied or stated promise, preferential treatment, or negative consequence regarding an individual's employment status.
 3. Verbal abuse or kidding that is sexually oriented, and considered unacceptable by an individual.
 4. Creating a work environment that is intimidating or offensive because of unwanted sexually oriented conversations, comments, requests or attentions.
 5. Engaging in any type of sexually oriented conduct or conversations that would unreasonably interfere with another's work performance or productivity.
- B. **Definitions of Other Harassment** - Prohibited harassment includes:
1. Verbal abuse or kidding related to an employee's race, creed, color, religion, sex, age or national origin, and is considered unacceptable by an individual.
 2. Creating a work environment that is intimidating or offensive because of unwanted comments or conversations related to an employee's race, creed, color, sex, religion, age or national origin.
- C. **Reporting** - Whenever an employee has reason to believe that he/she has been subjected to harassment, which affects his/her conditions of employment or work performance, or when a supervisor is aware that such harassment is taking place, the incident should be promptly reported to management or the Chairman of the Board of Directors. The current Chairman is E. Wayne Roberts, CPCU. His phone number is (434) 872-5194.
- D. **Investigation and Corrective Measures** - Management, or the Chairman of the Board of Directors, will promptly conduct a full and fair investigation when notified of any harassment or discriminatory working conditions. Upon completion of the investigation, management, or the Chairman of the Board of Directors, will promptly take corrective measures including:
1. The reprimand, suspension or termination of any employee engaging in such misconduct;
 2. Counseling; and /or
 3. Documentation of incident and investigation for future reference.

Standard Practices

Drug and Alcohol Use

The Association will make every effort to provide clean, safe and wholesome working conditions. Accordingly, we can not, and will not, tolerate the associated potential for unsatisfactory job performance or possible endangerment of other employees that result from drug and alcohol use. For this reason, all new employees must pass a drug test as a condition of employment at the Association.

The Virginia Property Insurance Association has assumed a position of zero tolerance in the area of drugs and alcohol. Accordingly, employees who are intoxicated, involved in the illegal sale, use, or possession of drugs while on Association premises, or while conducting Association business will be subject to immediate dismissal. There will be no probationary period and this policy will be strictly enforced.

Weapons

Bringing explosives, firearms, weapons of any type or any paraphernalia associated with any weapons onto company property or having them in your possession while performing company business is strictly prohibited and grounds for immediate dismissal. This prohibition includes company owned or rented vehicles and personal vehicles while used for company business and/or while parked in company owned or subsidized parking facilities.

Non-Disclosure

The insurance business by its very nature is very personal. During the time we are issuing policies and paying claims, we obtain a great deal of information about our clients. Our policyholders are entitled to the strictest confidence of this information.

You have an obligation not to discuss any information about our customers, or about any of our operations, to anyone outside of this Association. Any employee disclosing confidential information, or discussing our clients in a nonprofessional manner will be subject to disciplinary action, including termination.

Conflict of Interest

The Virginia Property Insurance Association affirms its confidence in the loyalty and integrity of its employees.

It is the Association's policy that each employee shall not permit any private interest(s) to conflict with the proper discharge of his/her duties, and shall not permit his/her position, or the knowledge gained therein to be used to further such interest(s). In addition, the employee should conduct his/her private affairs in such a manner as to avoid giving the appearance of such conflict.

This policy of the Virginia Property Insurance Association requires that:

- A. The employees and members of their families must have no relationship and must not engage in any activities that might impair their independence of judgment concerning Association business;
- B. The employees and members of their families must have no personal financial interest that might impair their independence of judgment or influence decisions or actions on Association business in the direction of such personal financial interest;

- C. The employees and members of their families should not accept any benefit, gift, favor, discount or entertainment, as to the nature of which go beyond common courtesy extended in accepted business practice, or which raises any implication that could be construed as affecting their judgment or decision making process on behalf of the Association. Any such gifts received which have a value in excess of \$25.00 or any related party transactions should be disclosed immediately to the General Manager in order that any doubt regarding the requirements of this paragraph be resolved as early as possible; and
- D. To assure the disclosure of any possible present conflict of interest(s), all individuals concerned must disclose any possible conflict of interest to the General Manager. Each employee must report on December 31st all gifts received and all related party transactions during the past year.

In case of doubt, any person covered by this statement should make full disclosure of all situations involving possible conflicts of interest in order to make possible an impartial and objective determination.

Fraud

Although the Board of Directors is not aware of any intentional or negligent errors in the Association's financial recording or reporting functions, it is prudent to establish a process whereby the Board is in a position to receive complaints or concerns from any employee. You may contact either of the Board members listed below if you ever have any questions or concerns about the financial affairs of the Association.

E. Wayne Roberts, CPCU
Division Claims Manager
Property and Casualty
State Farm Fire and Casualty
1500 State Farm Boulevard
Charlottesville, Virginia 22909
(434) 872-5194
Fax No.: (434) 872-5871

James Stacia
Public Board Member
8651 Riverwood Drive
Richmond, VA 23229
804-741-5745

Personal Property

The Virginia Property Insurance Association will not be responsible for an employee's personal property that is lost or stolen from the office, office premises, company owned or rented vehicles or personal vehicles while used for company business and/or while parked in company owned or subsidized parking facilities. No valuables should be brought to work. All drawers must be left unlocked in the evening unless prior approval is obtained from management.

Dress Guidelines

The Virginia Property Insurance Association is a professional insurance organization. As such, you should dress accordingly.

On certain days designated by the General Manager casual attire is acceptable. However you should choose attire that would be considered appropriate by visitors to our office.

Certain types of attire are deemed inappropriate in all instances (i.e. grunge wear, exercise clothing, halter tops, shorts, mid-drifts, torn or tattered clothing, etc.).

Part Time Employment

Rules for Part Time Employment

- A. If an employee wishes to convert to or from full time status, it will be at the discretion of management and based on need. Employees must be willing to work longer hours, and revert back to their original employment status, if the need arises.
- B. Employees must work at least twenty hours per week to be eligible for health, life or income benefits.
- C. If an employee converts status within a calendar year, paid time off will be adjusted on a pro-rata basis.
- D. The employee's schedule is subject to approval by management.

Your benefits will be changed according to the following chart for part time employment:

Coverage	Full Time Employment	Part Time Employment
Health Insurance	The Association currently pays 75% of the premium for group medical coverage.	The Association pays 50% of the cost of the employee's coverage, and nothing toward the dependents.
Dental Insurance	The Association currently pays 75% of the premium for group dental coverage.	Employee must work at least 20 hours per week to be eligible. The Association pays 50% of the cost of the employee's coverage, and nothing toward the dependents.
Vision Insurance	The Association currently pays 75% of the premium for group vision coverage.	Employee must work at least 20 hours per week to be eligible. The Association pays 50% of the cost of the employee's coverage, and nothing toward the dependents.
Life Insurance	The Association currently provides life insurance equal to two times the employee's annualized salary.	Employee must work at least 20 hours per week to be eligible. The Association currently provides life insurance equal to two times the employee's annualized salary.

Coverage	Full Time Employment	Part Time Employment
Pension	Based on actual earnings.	Based on actual earnings. Employee must work at least 1000 hours each year for five years to become vested. Benefit is based on five highest years of the last ten. Benefit will be affected by actual earnings.
Accidental Death and Dismemberment	Based on actual earnings.	Employee must work at least 20 hours per week to be eligible. Based on actual earnings.
Long Term Disability	Based on actual earnings.	Employee must work at least 20 hours per week to be eligible. Coverage will be based on actual payroll.
Paid Time Off	Days accrued based on years of service.	Employee must work at least 20 hours to be eligible. Days accrued based on hours worked and years of service.
Paid Holidays	Association currently provides 6 paid holidays.	If a normal scheduled work day falls on paid holiday, employee will be paid for the scheduled hours.

Hiring of Relatives

It is the policy of the Virginia Property Insurance Association not to hire relatives of current employees. The small size of our staff constitutes the necessity of this practice.

Use of Phone and Mail Systems

In our business, telephone lines are critical. If you use the company phone for personal calls, you may be delaying business calls. When the customers can't get through due to busy lines, the Association loses credibility, and with it, our reputation for service. Cell phone use during normal business hours should be limited to important family communications. Please keep personal calls short and respect the need for our staff to promptly answer our business lines and to provide a positive work environment.

Personal mail and packages are a burden to our mail system, decreasing its speed and efficiency. The Association cannot afford this. Quick mail service can mean the difference between a satisfied customer and a disgruntled policyholder. Please help us help our policyholders. Use of any of the Association's postage equipment for personal use is strictly prohibited.

Internet and Email Usage

Internet access and email are to be used in a responsible productive manner for business purposes whether working at a company office, in the office of a telecommuter or while traveling on company business. Employees are responsible for and are expected to use the Internet and email in an effective, ethical and lawful manner. All

company policies, including but not limited to illegal discrimination, sexual harassment and solicitation apply to the use of the Internet and email. Use of the Internet and email shall not disrupt the company's network or the networks of other users. Every employee with access to the Internet and email is responsible for taking appropriate security measures to prevent loss, misuse and damage, including damage caused by computer viruses. Employees must use extreme caution when downloading items or opening e-mail attachments received from unknown vendors / senders, which may contain viruses, worms, e-mail bombs, or Trojan horse code.

Incidental personal use of the Internet and email is allowed provided that the content does not violate these guidelines and does not take an excessive amount of an employee's work time.

The following Internet activities are expressly prohibited:

- No employee may transmit copyrighted or trademarked materials belonging to entities other than the Company on the Internet, without the permission of the owner of such materials and then only with the inclusion of all proprietary notices, logos, copy right notices, trademark notices and similar markings.
- Activities for personal or commercial financial gain, including solicitation of business services or sale of personal property.
- Unauthorized fund raising.
- Accessing, storing, processing, displaying, or distributing offensive or obscene material such as pornography or hate literature.
- Partisan political activity, political or religious lobbying, or advocacy of activities on behalf of organizations having no affiliation with the Virginia Property Insurance Association.

The following Email activities are expressly prohibited:

- Creating or forwarding chain letters, fraudulent, harassing, abusive, profane or offensive messages.
- Sending unsolicited e-mail messages, including the sending of "junk mail" or other advertising material to individuals who did not specifically request such material (e-mail spam).
- Making fraudulent offers of products, items, or services originating from any Virginia Property Insurance Association account.
- Unauthorized use, or forging, of e-mail header information.
- Registering any Virginia Property Insurance Association e-mail addresses on external systems for the purpose of requesting to receive future messages of a non-business nature.

Report any violations or suspected violations of information systems security to the General Manager.

Resignation

Virginia is an employment at will state, and you are not required to give the Association any notice of your resignation. However, we would prefer a letter of resignation to the General Manager setting forth the reason, and giving a notice. It is desired that the resignation notice should provide a minimum of two weeks notice for non-exempt employees and one month notice for management and supervisory employees.

At the employee's request, the Association will provide a letter listing dates of employment, title, duties, beginning salaries and ending salaries. No other information will be provided.

Job Posting

It is the philosophy of the Virginia Property Insurance Association to try to fill job vacancies from its existing employee base. When practical, and if current employees meet the education requirements, management will try to promote one of the existing employees.

When a job vacancy occurs, the job description may be posted on the bulletin board in the lunch room. All personnel interested in applying for the job should notify their supervisor.

Time Off

Planned Time Off

The Company provides a Paid Time Off (PTO) program to regular employees on a calendar year basis. PTO may be used for vacation, personal illness, illness of spouse/domestic partner or dependents, celebration of holidays that are not designated company holidays, children's school events or other personal business. PTO is prorated for part-time schedules. Employees must obtain their supervisor's approval for the use of PTO time.

Eligibility for the PTO program begins with the first year of employment. Full-time employees earn PTO time as follows:

Years of Service	PTO Days	PTO Hours
0-1*	18	135.0
1-4	18	135.0
5-9	23	172.5
10-14	26	195.0
15-24	28	210.0
25 +	30	225.0

*During an employee's first year of service, PTO begins to accrue from the date of hire at the rate of one-twelfth (1/12) times 18 days for each month they are actively employed.

Part-time employees working 20 or more hours per week earn prorated PTO time based on the schedule above. For example, an employee with 4 years of service who works 32 hours per week will have 115 hours of PTO per year (32 hours/37.5 hours x 135 hours).

Employees who reach their 5th, 10th, 15th, or 25th anniversaries are granted the additional time off on January 1 of the same year as their anniversary. For example, if an employee's 10-year anniversary is in December, the additional 3 days are available for use effective January of that year. This additional time off is subject to the regular PTO accrual schedule. Managers and Supervisors start employment with days based on the five year level of service (23 days) until they have ten years tenure. Then they receive the same number of PTO days as other employees.

Accruing PTO

PTO accrual begins on the first day of employment at the rate of one-twelfth per month. Employees on the payroll in January accrue PTO from January to December. For example, an employee with 23 PTO days earns time off at the rate of 1.92 days per month. Employees will not accrue PTO benefits while on a voluntary leave of absence or while collecting benefits under the Salary Continuance or Long Term Disability programs.

Active employees are eligible to use more PTO hours than what they have accrued, up to the number of hours the employee is eligible for in the calendar year with their supervisor's approval. However, employees are responsible for planning their time off to ensure they have reserved time in their PTO for illnesses, unexpected events and emergencies. New employees can earn up to 18 PTO days in their first calendar year, based on their hire date. During an employee's first year of service, PTO begins to accrue from the date of hire at the rate of one-twelfth (1/12) times 18 days for each

month they are actively employed. For example if an employee is hired on May 29, he or she will earn 12 days (8 months/12 months x 18 days=12 days) for the year.

Carryover

Employees may carry over up to 20 days (150 hours) of PTO (or the equivalent of four standard work weeks) into the following calendar year. If more than 20 days (150 hours) are left at the end of the year that time will be lost.

Termination

Termination dates may not be extended by use of PTO. This excludes those employees who have provided adequate advance notice of impending retirement, who may, with manager approval extend a termination date with the use of paid time off. If an employee terminates voluntarily or involuntarily during the calendar year, the employee will be paid any accrued, unused PTO time. If the PTO time used exceeds the time accrued, employees will be required to pay back the unearned, used time.

Scheduling PTO Time: Employees should work with their supervisor to schedule PTO time. It is the supervisor's responsibility to manage and track the use of PTO time. PTO can be taken in full or half-day increments. In a situation where an employee needs to be away from the workplace for 1-2 hours, supervisors have the discretion to determine how the time off will be managed. For non-exempt employees, supervisors may allow the time to be made up within the same work week or allow the employee to use their PTO. PTO must be taken in half or full day increments.

Managing PTO Time

Supervisors are responsible for managing employee performance and documenting excessive absenteeism. While employees may use their PTO time off for any reason and receive pay, employees must obtain advance management approval from their supervisor whenever possible.

Absences that qualify an employee for workers' compensation, Family Medical Leave (FMLA) or any other leave protected by law cannot be considered if performance counseling for excessive absenteeism is necessary.

Employees are required to use any accrued PTO time prior to taking an unpaid leave of absence. Employees who miss work, without permission, when such absences are not covered by accrued PTO time under this program, are not meeting the Associations expectations for attendance and punctuality, and will be subject to appropriate disciplinary action, including termination.

Holidays

The Virginia Property Insurance Association offers various paid holidays for its employees each year. The Association observes 6 holidays per year. If a holiday falls on a Saturday, the preceding Friday will be observed as the holiday. If a holiday falls on a Sunday, the following Monday will be observed as the holiday. The six holidays are: New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Day after Thanksgiving and Christmas Day.

Voluntary Leave of Absence

Voluntary leave of absence is an absence without pay for a continuous period away from work where the intent is to reinstate the employee at the expiration of the leave.

Voluntary leave of absence is a convenience for employees who find it necessary to absent themselves from active employment, when reasons for such absence and employee's service record justifies continuing him/her on employment status.

Satisfactory work performance, attendance, and effect on company business, will be considered in reviewing such requests.

Granting a voluntary leave of absence will be at the discretion of management, and is subject to the following conditions:

- A. Reason for such request should be of sufficient importance to warrant granting the leave of absence.
- B. If reasonably adequate replacement is not available and compliance with request would seriously interfere with work on hand, such request will not be granted, until that condition is no longer a factor.
- C. A voluntary leave of absence shall not be granted to an employee to accept employment with another employer, or to enter into business for themselves.
- D. The total length of time for which voluntary leave of absence will be granted shall not exceed 120 days.

Paid time off benefits must be completely used before the beginning of the leave period. Credited service will be adjusted accordingly for the length of time which the employee is on voluntary leave of absence. Performance reviews and corresponding salary adjustments will be delayed by the length of voluntary leave of absence.

Employees may continue their coverage for disability, health and dental insurance for themselves and dependents while on leave by payment of the total premiums. If the coverage is terminated, the employee will be forced to provide evidence of insurability to have coverage reinstated.

Marital Leave

The Virginia Property Insurance Association will grant 2 days marital leave, with pay, to any full time employee who has completed at least 1 year of service with the Association. This leave must be taken within 1 month of the wedding and may not be postponed to a later date.

Military Leave

The Virginia Property Insurance Association will grant up to 10 working days for military leave in addition to paid time off benefits for full time employees in a reserve component of the armed forces requiring an annual training period, if any, for the period of leave for up to two weeks.

Employees returning from uniformed military service will be reinstated to employment if all applicable legal conditions to such reinstatement are met by the returning employee. For more detailed information concerning these requirements and any limitations on employees' rights to reinstatement, please ask the General Manager.

Unplanned Absences and Accidents

Attendance Reporting Requirements

Regular and prompt attendance, when physically able, is one of the most important responsibilities of each employee.

If you are unable to report to work, except when prior arrangements have been made with your supervisor, you are to notify your supervisor prior to 8:30 A.M. If you are not able to contact your supervisor, you may leave a message for the General Manager. You will need to give the reason(s) for your absence and state when you expect to return. If you leave a message, you are expected to call back later and talk to your Supervisor or the General Manager. In the event that you will not be returning on the following work day, your supervisor should be regularly kept informed of your progress. If you are absent three consecutive days without reporting in, you will be considered to have voluntarily resigned.

Managed Disability

When you are or expect to be disabled for more than fourteen calendar days, you may be eligible for the benefits described in this handbook. To apply for disability benefits, simply call 1-800-488-2386. Your call will put you in touch with an Aetna nurse who will check your eligibility for disability benefits, ask you a few questions about your illness or injury and ask you to describe your job. If you are eligible, the nurse will call your physician to gather clinical information and your supervisor to learn about your job requirements. If appropriate, the Aetna nurse will certify your length of disability.

Although this phone call will start your Managed Disability process, you must also coordinate your disability absence with your supervisor.

As a follow-up to your phone call, you'll receive a certification letter in the mail stating your approved length of disability, or the reason for denial. A copy of the letter will be sent to the Association so that they will know when to expect your return to work. You'll start receiving disability benefit payments on a regular schedule. Periodically, an Aetna nurse or physician will speak with you and your physician to determine if you are progressing on schedule and, as necessary, adjust your return to work date. Before your expected return to work date, an Aetna nurse will call you to check on your progress and confirm that you will be returning on the designated date.

Personal Absence

Although the Association provides paid time off benefits, your attendance will be a major factor in analyzing your job performance. Personal business that must be taken care of on company time should be scheduled early in the morning or late in the afternoon, and the time must be made up during the same work week and requires the prior approval of your supervisor. Breaks and lunch can not be used to make up time. Time must be made up after 4:00. Make up time in excess of 7.5 hours in a year will be considered excessive. Any appointment for personal business which exceeds 3.75 hours should be taken as a vacation day.

An employee who has more than three occurrences of unplanned time off in a calendar year period may be subject to disciplinary action. Each incident which prevents an employee from coming to work will be considered a separate occurrence. However, multiple days of unplanned time off arising out of the same injury or illness will be considered one occurrence. If there are less than three months between related

occurrences it will be considered the same occurrence. Excessive use of unplanned PTO will have an adverse affect on your performance review.

Religious holidays are accommodated by using PTO benefits, and should be scheduled in advance.

An employee who is late 15 minutes or less may make the time up, or may choose not to be paid for the time. If the lateness exceeds 15 minutes, it will be the supervisors' decision whether to permit the employee to make up the time. If the time is made up, it must be done within the same work week.

An employee who is late more than three times in a rolling 60 day period will be placed on probation for 90 days.

An employee will not be eligible for a salary increase during any attendance related probationary period.

Accidents on the Job

You, as an employee of the Virginia Property Insurance Association, should be conscious of situations that could lead to accidents, and strive to prevent them. The Association urges each employee to immediately report to their supervisor any condition which they believe may lead to an accident.

If you are injured on the job, you should report the incident to your supervisor. The supervisor will arrange for medical treatment, if necessary, and also request that the individual complete a written report as soon as possible for the Association's insurance carrier. Prompt attention in these matters often prevents more serious complications.

Absences incurred as a result of injuries compensable under the Workers Compensation Act shall not be considered when evaluating an employee's attendance record. An employee's performance review and salary adjustment shall be delayed by the number of days that an employee is out of work due to a workers' compensation claim.

Office Closing

Inclement weather or other circumstances at any time during the year can delay the opening of the office, or even force closing it for the day. On such days as this, an announcement will be placed on the Association's web site before 7:00 A.M. Any employee who does not have access to the Internet will be responsible for contacting a fellow employee to obtain the status of the office's work schedule for any day that weather or any other circumstances might appear to have an adverse affect on the office's normal hours.

Bereavement Leave

A full time employee may be excused from work with pay for a period of up to 5 days, if necessary, because of the death of one of the members of their immediate family. Immediate family members include the following: spouse, child, stepchild, or foster child residing in your household.

A full time employee may be excused from work with pay for a period of up to 3 days, if necessary, because of the death of one of the other members of their family. Other family members include: parent, parent-in-law, brother or sister.

Should you wish to attend the funeral of a close friend or relative not mentioned above, your supervisor may authorize up to one day of absence without pay for this purpose.

Additional unpaid leave that might be necessary may be arranged with the consent of the General Manager. Such additional leave shall be without pay. Employees may use their PTO benefits in lieu of unpaid leave for bereavement issues.

Court Appearances

If you are a full time employee and are requested to appear before the Court, you will be paid your regular salary for up to 30 working days in response to a court ordered appearance. This benefit will not apply to personal litigation in which the employee is a plaintiff or defendant. You may be paid for court appearances involving child support payments if prior approval is received from your supervisor and the General Manager.

A court ordered appearance will include such things as jury duty, witness duty, or any other appearance that you are legally required to make before the court, where you are not a party to the court action.

You will be required to submit evidence that you were in fact called to appear, and that you complied with the order. If you are excused from jury service for the day, or prior to 2:00, you must return to work unless otherwise directed by management.

The Association will not deduct from your paycheck any compensation you may receive for court ordered appearances. This is generally a very small amount of compensation and is designed for the offset of expenses incurred during the court requested time.

Your Job

Personal Information

Access to Personnel Files

Personnel files are the property of the Virginia Property Insurance Association and are kept secured within the Administration Department. Unauthorized personnel are denied access to these files under any circumstances.

Employees who wish to review their personnel file must do so in the presence of their supervisor. The supervisor will remain responsible for the personnel file while it is being reviewed by the employee.

The Virginia Property Insurance Association permits only those other persons with a "need to know" to have access to these files. This will include the following people;

- A. Management in the Direct Chain of Supervision
- B. General Manager's Administrative Assistant
- C. Association's Board of Directors
- D. Association's Legal Counsel
- E. Government Authorities with a legal right to such information

Employment and Salary Verification

It is the policy of the Virginia Property Insurance Association that all employee data is strictly confidential. At the employee's request the Association will provide a letter listing dates of employment, title, duties, beginning salaries and ending salaries. We will not release any information about an employee over the phone, except in the case of extreme emergency. The release of the employee's home telephone number, their home address, or their family information will not be made over the telephone.

The only individuals authorized to release personnel information are the General Manager, Assistant Manager or the direct supervisor. All requests for this information must be referred to one of these individuals. Each specific request for employment verification or salary verification must be specifically approved by the employee in writing prior to the release of the information. The Authorization form is located in the staff section of the Association's web site.

Personal Data Changes

It is important that the personnel office and your supervisor be kept informed of any changes in your home address, telephone number, or name. Also, any changes in your status that may affect your withholding tax or insurance coverages should be reported immediately so that the appropriate adjustments can be made.

It is important for the employee to make certain that the emergency contact information in their personnel file is current. We need to be able to contact someone in the event you are injured or become ill at work. Personal data changes can be input in the employee section of the Association's web site.

Job Description and Pay Information

It is the policy of the Virginia Property Insurance Association to operate under a compensation program that will provide appropriate differentials in compensation to recognize differences in individual performances and job levels. Within its financial means, the Association attempts to provide a competitive salary level for all employees.

Our Salary Administration Program attempts to clearly define the responsibilities and requirements of each job through a written position description. We have developed a compensation structure that provides internal equity among jobs and flexibility for administering salaries which will attract, retain, and motivate competent personnel.

Each position in the Association is documented in a written position description. The position description states the duties, responsibilities, and working relationships of each position, as well as the level of knowledge, skills, and abilities required to perform at a satisfactory level. All job descriptions are available for your review.

Each position is graded and a compensation classification for each position has been established to assure an appropriate compensation relationship with other positions. These classifications provide guidance to supervisory personnel for the administration of the salary program.

Flex Time

General - The flex time program allows employees to establish their weekly work schedule to meet their particular needs and circumstances. The Association offers this program as a benefit to its employees in an attempt to assist the employee to balance their work obligations with their personal obligations. Management reserves the right to alter this program to assure that all departments are properly staffed during the core hours of 8:00 a.m. to 4:30 p.m.

Flex Time - You may vary your starting and stopping time within the specified limits, as long as the required number of hours (37½ hours per week) are worked. The work week will be broken down into 5 days, Monday - Friday, with 7½ working hours each day.

<u>Flex Times</u>	<u>Earliest</u>	<u>Latest</u>
Starting Time	7:30	9:00
Lunch Period	11:30	2:00
Quitting Time	4:00	5:00

Core Times - Core times are fixed working hours during the work day when all employees must be present. Core time hours to be observed are as follows:

- 9:00 A.M. - 11:30 A.M.
- 2:00 P.M. - 4:00 P.M.

Standard Business Hours - The standard office hours are 8:00 A.M. to 4:30 P.M. and you may elect to work these hours.

Overtime

For those employees entitled to overtime compensation (excluding claims, supervisory and management personnel) the rate of compensation will be set at time and one half for those hours worked in excess of 40 hours per week. In each and every instance, overtime must be approved in advance by the General Manager. Paid absences will not be considered in the computation of overtime compensation.

All non-exempt employees are expected to work their assigned time schedule. Any employee who works outside of their approved work schedule will be subject to disciplinary action unless the employee has been requested to do so by their supervisor.

Pay Periods

The normal work week is from Monday through Friday. Paychecks are issued on the 15th and the end of the month. If a pay day falls on a weekend or a holiday, the checks will be handed out on the previous work day. The Association makes direct deposit available to all employees. Funds will be deposited in the employees account by the 15th day and the end of the month.

Advance payment of an individual's salary check may be made for business traveling purposes upon the employee's request. The regular pay period must fall within the period you will be away, and check issuance must have prior approval by management.

A request for an advanced payment of a salary check for reasons other than stated above, will only be granted in very rare instances, and must be approved by the General Manager.

Performance

Performance Evaluations

The performance evaluation is a very effective communication tool whereby the employee and the supervisor can communicate their expectations to each other. It is through this forum that the supervisor can recognize the employee for his/her performance and efforts, and to let the individual know what areas they can improve to enhance their job skills and become an even more productive employee.

The performance evaluation is also a good time for the employee to express to the supervisor and management their expectations from the Association and what can be done to provide a more efficient operation.

Each employee will be given a performance evaluation six months after the date of their original hire. Additionally, twelve months after the six month review, you will receive an annual performance evaluation. Employees who have extended absences (in excess of six or more consecutive work weeks) must complete the amount of time lost before they can be considered for a merit increase. Performance reviews and corresponding salary adjustments will be delayed by the length of time that an employee receives benefits under the salary continuance program. Employees who are promoted to a different job position will receive a performance evaluation prior to assuming their new duties. The employee may be eligible for a pro-rata merit increase plus a promotional increase. Employees who are transferred to a different job position will receive a performance evaluation six months after the date of transfer. A transfer does not mean that an employee is subject to a raise at that time.

Discipline

Most employees perform at a satisfactory level, and have attendance records that are consistent with the Association's attendance policy. However, there may be cases where an employee does not perform at an acceptable level.

In those instances where an employee's performance or attendance is not acceptable, the Association generally follows a progressive approach to discipline as outlined by the following:

1. a verbal warning;
2. a written warning;
3. a written probation;
4. termination.

This approach enables the employee to understand what is expected of them, and will give the individual the opportunity to upgrade their performance to an acceptable level. Once off probation, if the problem reoccurs, the Association reserves the discretion to terminate employment immediately or to give another verbal warning followed by termination in the event of another occurrence of the problem.

When it is deemed appropriate, however, the General Manager or the Chairman of the Board may terminate an employee for any reason, with or without prior notice or warning.

Problem Resolution

The Virginia Property Insurance Association maintains a formal procedure to help resolve problems. The employee should follow the steps in order. In the event of sexual harassment, the employee may talk to any supervisor or manager. These are the steps available:

- Step 1 Talk to your supervisor. Most problems can be resolved without going any further.
- Step 2 If the problem has not been resolved to your satisfaction, discuss the problem with the General Manager.
- Step 3 As a final step, if you are still concerned about a problem within the Association, you can ask the Association's Chairman of the Board of Directors to review your concern. Our present Chairman is Wayne Roberts. He can be contacted at (434) 872-5194.

Wherever you begin this procedure, the person you see will be ready to discuss the problem seriously and help assist you in finding a solution or clarification. The entire management and supervisory staff of the Virginia Property Insurance Association is committed to offer assistance to its employees to the extent possible. This program was instituted to help individuals obtain answers to questions they have, and to help resolve any conflicts that may arise in the course of business.

Benefits

The Virginia Property Insurance Association offers a wide variety of insurance and pension benefits for its employees. The pages in the benefits section of this handbook give a brief overview of the benefit plans offered to Association employees.

The descriptions of the various benefit plans are very basic. You are encouraged to refer to the websites and/or documentation provided by the insurance providers for a more complete description of our insurance benefits. If there is any contradiction between the summary provided in this employee handbook and the actual contract provisions, the contract provisions shall prevail. The Association reserves the right to change or eliminate all benefits with or without notice.

Eligibility

The following classes of employees may be eligible for employee benefits from the Association. Full and part time employees; employees on leave of absence or receiving disability benefits under sick leave, short term disability or retirees if they are receiving a pension.

Benefits will be reduced or eliminated for part time employees as outlined on page 5 of this employee handbook. Benefits for all classes other than active full time employees may be reduced or eliminated.

Medical and Dental Benefits

Health Insurance

The Virginia Property Insurance Association offers a medical insurance program to its employees and their dependents. The Association pays 75% of the cost of the health insurance for full time employees and their dependents. The employee's contribution is made by payroll deduction. The Choice Plus medical program is underwritten by the United Health Care Insurance Company, and has deductibles and co-payments. You are requested to review the schedule of coverage from United Health Care for complete details of coverage. The Association currently offers Medicare supplement policies to eligible retirees. The Association pays 75% of the cost of the retiree health insurance premiums for policies offered by the Association.

Employees can reject health insurance coverage. In which case, the employee will not have dental or vision insurance. This decision must be made within the first 30 days of employment. Employees may be required to provide evidence of insurability to obtain coverage at a later date if they do not elect to be covered during periods of open enrollment.

Once you are enrolled in health insurance, you will be provided with a log on to access all health coverage information online at www.myuhc.com.

Dental Insurance

The Association provides basic dental insurance coverage. The policy is subject to deductibles and has a \$2,000 calendar year limit for preventive, basic and major dental work. There is a \$1,000 calendar year limit for orthodontic work. There is a coinsurance clause for all work, with the percentage of coinsurance varying by the nature of dental work performed. Refer to the benefits summary handbook for a complete list of covered charges.

If full time employees purchase health insurance from the Association, 75% of the cost of dental insurance is paid by the Association. The employee's contribution is made by payroll deduction on a bimonthly basis. The coverage is provided by the Aetna Insurance Company. You must purchase a health plan offered by the Association to be eligible for dental coverage. Retirees are not eligible for dental coverage.

Vision Insurance

If the employee purchases health insurance from the Association, 75% of the cost of vision insurance is paid by the Association for certain costs related to eye exams, prescription lenses and contacts. Examinations are covered with limitations, less a \$15 co-payment when services are provided through a VSP network doctor. You are encouraged to review the schedule of coverage from VSP for complete details of coverage. Once enrolled, participants can access all vision insurance information and/or claims online at www.vsp.com.

Life Insurance Benefits

Non-Contributory Life Insurance

In the event of your death while insured, the person you named as your beneficiary will receive an amount equal to two times your annual salary. This coverage is available to all employees working at least 20 hours per week. You do not have to participate in the health plan to receive Non-contributory Life Insurance Coverage.

The Association pays the entire cost of the Non-contributory Life Insurance. The policy has a waiver of premium provision in the event you become totally disabled. Premiums on life insurance amounts in excess of \$50,000 will be taxed according to IRS regulations.

Supplemental Life Insurance

You have the option to purchase additional life insurance in multiples of up to three times your annual salary. This optional life insurance is in addition to the basic non-contributory life insurance described above. This decision must be made within the first 30 days of employment. Employees may be required to provide evidence of insurability to obtain coverage at a later date.

You are responsible for the cost of the supplemental life insurance. Payment will be made by deductions from your paycheck. Information concerning the cost of the supplemental life insurance can be obtained from the Association's web site. Coverage is provided by Aetna Insurance Company.

Accidental Death and Dismemberment

This insurance is payable if an employee dies or is seriously injured as a result of an accident. All employees working 20 hours or more each week are covered by AD&D insurance the day they start work. Retirees are not eligible for AD&D coverage.

Details on the benefits payable for Accidental Death and Dismemberment coverage can be found in the Aetna Insurance Company Benefit Summary.

Income Benefits

Short Term Salary Continuance

The Association provides at no cost to the employee income protection against a short term disability. An employee must contact Aetna in accordance with the managed disability provisions listed in this handbook. The Association will not provide any salary continuance benefits until Aetna confirms an employee's eligibility for benefits. This plan will commence after the employee has been disabled for ten consecutive work-days (holidays excluded).

Benefits are payable at seventy five percent of the employee's basic salary immediately proceeding the date of commencement of absence, as determined by the employer in accordance with its rules and entered on its records, exclusive of bonus, overtime pay, or other additional remuneration in any form paid to the employee.

Employees have the option of using PTO benefits in lieu of receiving payments under the salary continuation program. The period of benefits resulting from the combination of PTO and salary continuance shall not exceed twenty six weeks for any one disability. Holidays subsequent to the commencement of benefits will be paid at the 75% rate. PTO benefits will be paid as usual at 100% of the basic salary rate. No benefits will be provided for partial disability.

Absence with regard to the Salary Continuance benefits means more than ten consecutive work days (excluding holidays) during which time no services are performed for your employer due to illness or injury.

If you stop being disabled, benefit payments will stop at that time. However, in time you could become totally disabled again. If your later disability is due to a cause that is the same as, or that is related to the cause of your last disability, you may not have to complete another qualifying disability period to start receiving payments again. It depends on how long the time is between the two disabilities. If there are three months or less between the two times they will be considered the same disability and you will not have to complete another qualifying disability period.

You may be totally disabled due to a cause that is not the same as or that is not related to the cause of your last disability. In this case, you will have to complete a new qualifying disability period to get benefits, even if there are less than three months between the two times. It will be considered a new period of disability.

Benefits are defined as payments in lieu of regular salary during a short term absence. They are payable only during the approved absence. Employees must comply with the provisions of the managed disability program provided by Aetna.

Temporary absences due to military leave shall not constitute a break in continuous service. Benefits otherwise payable under this plan will be offset by the amount of payment received from the following;

- A. Benefits paid an employee in connection with a disability occasioned by illness or injury compensable under workers compensation.
- B. Any statutory occupational, or non-occupational, disability benefit which is provided to the employee.
- C. Fifty percent of the income benefit for which the employee is eligible under the Federal Social Security Program, including income benefits, for dependent coverage on account of the employee's disability.

- D. Any automobile no-fault insurance benefits of any government, but only to the extent of the basic reparations for loss of income provided without regard to fault under any such act.

No benefits are payable under the plan for disability resulting from attempting or committing a felony, engaging in an illegal occupation, intentional self-inflicted injury, or war.

The plan shall be subject to amendment, or termination, at any time.

You will no longer be eligible for coverage under the short term absence plan at the earliest of the following dates;

- A. the date your employment terminates;
- B. the date you are no longer in the class of employees eligible to participate under this plan; or
- C. the date you become eligible for benefits under long term disability coverage.

Long Term Disability

The Association maintains long term salary protection at no cost to its employees. Employment will terminate and all other benefits will cease once an employee becomes eligible for benefits under long term disability coverage. Coverage is underwritten by Aetna Insurance Company. The following paragraphs give a brief description of the coverage. Refer to the Aetna Disability Summary Plan Description for more complete information on the coverage.

The amount of your Long Term Disability benefit depends on your eligibility for Social Security benefits. The LTD plan also has a vocational rehabilitation program designed to help you return to work even if you have not recovered from your disability and still receive a portion of your disability benefits. The policy is subject to a 26 week waiting period. In other words, an employee must be out of work on a continuous basis for 26 weeks before Long Term Disability Coverage begins. As long as you are covered by Social Security, the disability policy will cover 60% of your basic monthly compensation.

All employees working 20 or more hours each week are eligible after working 7 consecutive work days, subject to certain pre existing conditions as outlined below. If you take a leave of absence or are away from active work, your insurance will not start until the seventh consecutive work day upon your return to active work.

If total disability is due to mental or nervous disorders, the benefit is payable during the first 2 years of such disability. At the end of 2 years of such disability, payment will continue only if you are confined in a hospital, or other qualified institution that provides care and treatment for such disability.

Further, if you are so confined for at least 14 consecutive days, the benefit is extended to provide payments for an additional 90 days after termination of confinement.

A pre existing condition is any sickness, injury, pregnancy, childbirth or related medical condition for which you have received medical care, treatment or service, or have taken medicine or drugs prescribed by a physician during the 3 month period prior to the date you become insured. In the event of a pre existing condition, coverage will be postponed for that condition until your insurance has been in force for 12 consecutive months during which time you have not been absent from work due to such condition.

The definition of total disability changes after you have been disabled for 24 months. During the first 24 months of absence from work because of disability, you will be

assumed to be totally disabled if, because of disability you are unable to perform the normal duties of your regular occupation for any employer and you are not engaged in any other occupation or employment for wage or profit. After the first 24 months, you will be considered totally disabled only if you are completely unable to engage in any and every duty pertaining to any occupation or employment for wage or profit for which you are, or become, reasonably qualified by training, education or experience.

Pension Plan

The Virginia Property Insurance Association maintains at no cost to the employee a defined benefit pension plan administered by Prudential Financial.

The plan provides retirement income based on your earnings and service with the Association. The benefits under the plan are supplemented by those that you are entitled to under the Federal Social Security Program, and any contributions you may have made to the 401(k) Savings Plan. The plan is currently funded through Mellon Bank. Certain benefits under the plan are insured by the Pension Benefit Guaranty Corporation. Your retirement plan is a valuable component of your benefits package. You are urged to read the Retirement Plan benefits book published by Prudential and keep it with other benefit documents for easy reference.

Your normal retirement age is 65. Your normal retirement date is determined to be the first day of the month on or after your retirement of age 65. Pension benefit payments begin on your retirement date and continue as long as you live.

You may, however, chose to retire as early as age 55, if you have completed at least 15 years of service. If you retire prior to age 62 your accrued pension will be reduced to reflect the longer period over which you will receive your pension benefit. If you elect to retire after attaining the age of 65, you will continue to accrue benefits up to your actual retirement date.

You are 100% vested in your accrued pension benefits after 5 years of service, or 4 years and 1,000 hours as defined by the plan.

You have a number of retirement income options and are encouraged to read and become familiar with the retirement plan benefits available.

401(k)

All full time employees working at least 1000 hours a year are entitled to participate in the employee savings plan 401(k) after completing one year of service. Prudential Financial has extensive information outlining the features of this program online. You may refer to their website at www.retirement.prudential.com if you have questions concerning this program. Retirement representatives are also available Monday through Friday, 8 a.m. to 9 p.m. ET at 1-877-PRU-2100.

Employees are allowed to put up to 50% of their annual salary, up to the annual limit set by the IRS, into the plan. Up to 50% pre tax dollars can be contributed.

The company contributes \$1.00 for every dollar that you save up to a maximum of 6% of your contributions, regardless of whether you save on a before tax or after tax basis.

You are always 100% vested in your pre tax and after-tax contributions, your rollover contributions, and the earnings on these amounts. The vesting schedule for employer contributions and earnings is as follows:

Years of Service	Vested Percent
2	20%
3	50%
4	75%
5	100%

You have a number of options for the investment of contributions and must provide direction on where those contributions are to be invested. Please refer to the Prudential website for details on the options available.

Your contributions to the plan are automatically deducted from each payroll check. A separate account is established and maintained for each participant in the plan.

Employees over the age of 50 are eligible to make "catch-up contributions" which are additional before-tax contributions. The amount of these contributions varies annually. Please refer to the Prudential 401k website for complete details.

Beginning July 1, 1991 the employee may borrow from their own vested balances. You can take a tax free loan for any reason. Your vested account balance includes your pre tax contributions, any after tax contributions, and any vested employer contributions. You can borrow up to one half of your vested account balance to a maximum of \$50,000. The minimum you can borrow is \$1,000. There is a \$50 loan processing fee for each loan and only one outstanding loan is allowed at a time. Refer to the Prudential 401k website for full details.

Miscellaneous Benefits

Service Awards

The Board of Directors and the management of the Virginia Property Insurance Association appreciate the commitment that its employees make toward the success of this organization, and wish to recognize that commitment.

Accordingly, the Board of Directors has authorized a service program designed to recognize those employees as they reach certain milestones in their professional career at the Virginia Property Insurance Association.

On the employee's 25th anniversary of service with this Association, a banquet will be held recognizing that significant milestone of the individual's career. The entire cost of the banquet will be provided by the Virginia Property Insurance Association.

Educational Assistance Program

The Association encourages its employees to participate in the company's Educational Assistance program. All requests for educational financial assistance must be approved on the appropriate form by the General Manager prior to course registration.

- A. The cost of tuition and all related expenses associated with company mandated education shall be paid in full by the Association.

- B. The cost of courses related to professional designations such as CPCU, AU, and AIC shall be paid as follows:
 - 1. Books shall be paid in full.
 - 2. Classroom fees shall be paid in full.
 - 3. The Association shall advance the cost of the national exam. The employee shall provide the status of the completion of the exam as evidenced by the transcripts from the American Institute.
- C. All employees shall be eligible for undergraduate degree programs.
 - 1. Employees shall be limited to one class per term.
 - 2. The degree must be job related.
 - 3. An employee must complete a professional insurance designation before that employee would be eligible for any college related course work.
 - 4. The Association shall advance $\frac{1}{2}$ of the cost of the tuition and the entire cost of the books. The employee shall be reimbursed upon successful completion of the course. Employees who achieve a grade lower than a C, or who do not complete a course will be expected to reimburse the Association for the amount advanced by the Association for tuition and books.
- D. All employees shall be eligible for graduate degree course work.
 - 1. Those employees must have completed two years of service with the Association.
 - 2. The employee must have an undergraduate degree.
 - 3. The employee must have attained the CPCU, AU, API or AIC designation.
 - 4. The coursework must be job related.
 - 5. Graduate level courses will initially be reimbursed at a 75% rate.
 - 6. The maximum reimbursement to the employee will be \$30,000.
 - 7. There will be a three year contractual commitment to VPPIA for employees receiving educational assistance at the graduate level after graduation. At the end of the three year commitment period, the employee shall be reimbursed the balance of the 25% of the the tuition and books initially paid by the employee.
- E. Failure of a national examination, or of any other reimbursed course work, or failure to complete a reimbursed course will make the employee ineligible for any tuition assistance program until that employee successfully completes a national exam or another class that qualifies for tuition assistance at their own expense.

This program is open to all employees who work at least twenty hours per week provided their job performance is up to satisfactory standards. No employee shall be entitled to tuition reimbursement while on probation.

Upon the successful attainment of a designation from an IIA course, an award of \$500 will be granted. Upon obtaining a CPCU designation the Association will pay for the designees and spouses trip to the yearly Induction Ceremony and award that person \$1,000.

Employee Assistance Program

The Association offers a confidential counseling service to its employees and their families. The entire cost of the program is paid by the Association. Services are provided by the Richmond Employee Assistance Program.

Employees are allowed up to three visits per year. Counseling is available on a wide range of issues including marital counseling, financial counseling, drug and alcohol abuse, and parenting problems.

Employees interested in taking advantage of this benefit should contact the Richmond Employee Assistance at 270-1550.

Cafeteria Plan

The Virginia Property Insurance Association offers a Cafeteria Plan that was developed under Section 125 of the Internal Revenue Code. This plan gives the employee the opportunity to pay their Group Health and Dental Plan premiums on a before tax basis. The plan is entirely optional, but enrollment periods are limited.