

Dear Prospective Member:

The Third Party Administrators' Association of Canada (TPAAC) was formed to serve the TPA industry and its clients. We feel it is critical to have a common voice to protect our industry.

This application is the result of numerous consultations with TPAs across Canada, as well as discussions with the Canadian Council of Insurance Regulators. It reflects the information required to assess the eligibility of applicants for membership.

TPAAC is sensitive to the competitive nature of business. We realize that many TPAs operate in competition with one another and the information required to be disclosed in your application and required supporting documents may contain sensitive, non-public and confidential or proprietary business information.

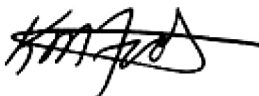
We wish to assure you that all information you provide to TPAAC or to KPMG, our appointed membership auditor, in conjunction with your Application shall be held in confidence at all times and, unless we are legally required to do so, it will not be disclosed or released to any unauthorized person, at any time. All information and documents you provide will be used only for the purpose of assessing your application.

The information you provide to TPAAC is reviewed only by *myself* to ensure the application is complete before it is sent to our independent membership auditor, KPMG, for their review and assessment. Some information is seen only by the auditor and will be requested by KPMG directly. Please see the Addendum page at the back of the application in this regard. The only information supplied to the TPAAC Board of Directors, at any time, is that you have applied and the status of your application.

We hope you will join us in building a vibrant and positive association that will raise awareness of sound TPA practices and education, not only among your peers, but also among your clients and prospective clients.

On behalf of the Board of Directors, thank you for considering membership in TPAAC.

Sincerely,



Keith M. Foot, CEB  
Membership Chair

## APPLICATION FOR MEMBERSHIP

The Third Party Administrators' Association of Canada ("TPAAC") is a non-profit association established in 2003 with the following objectives:

- To promote and protect the interests and to conserve the rights of those engaged in the business of third party administration of group insurance and pension plans.
- To promote standard and sound business and administrative practices among TPAs.
- To educate the public on the business of TPAs.
- To share information for the mutual benefit of the members.
- To promote the maintenance and improvement of the qualifications and standards of TPAs.

### MEMBERSHIP

Interested parties may apply to become either a **Full Member** an **Associate Member** or a **Provisional Member**:

#### Full Membership

Full Membership is restricted to businesses operating within Canada which carry on the business of providing third party administration of group insurance and pension plan benefits and which meet the criteria and professional standards set for admission, and is not an ineligible business, as defined below. Full Members are entitled to vote at members' meetings.

#### Associate Membership

Only applicants that (1) are related to, are a holding body corporate of, are affiliated with, or that control or is controlled by (as such terms are defined in the *Corporations Act (Ontario)*) an existing Full Member and (2) are engaged in aspects of third party administration may qualify for Associate Member status. Associate Members do not have voting privileges.

#### Provisional Membership

Provisional Membership is restricted to businesses operating within Canada which carry on the business of providing third party administration of group insurance and pension plan benefits and which meet the criteria and professional standards set for admission, and is not an ineligible business, as defined below.

This level can be applied for and held for a period of up to two years. The non-refundable fee for the Provisional Membership is for one year, or part thereof, and runs June 1 - May 31. A Provisional Membership does not require a compliance audit by KPMG, but the application is vetted by the membership committee to ensure minimum compliance items are met. At the end of the Provisional Membership period a member must apply for Full Membership at current Full Member application fees. Provisional Members do not have voting privileges.

#### Ineligible Business

An ineligible business includes any organization that provides insurance, pay-direct claims services or software services to or through the Third Party Administration industry or is regulated by OSFI.

Applicants must submit the attached application, duly completed with a signed *Certification* statement, and provide, upon request, such additional information as will enable the Membership Committee and the Board to assess whether the Applicant should be admitted to membership. Please note that admission to membership is subject to confirmation by the Association's Board of Directors.

### FEES

	1st Year			
	Membership	+	Audit Fee	= Total
Full Members	\$1,750	+	\$2,500	= \$4,250
Associate Members	\$1,500	+	\$2,500	= \$4,000
Provisional Members	\$1,500	+	n/a	= \$1,500

All fees (including audit) are subject to change and are due and payable as determined by the Board. Membership involves a 12-month contract which renews June 1st of each year, subject to Board approval and a random ongoing compliance check. Depending on the relation between the month your application is approved and the annual renewal date, a portion of your Membership application fee may be pro-rated. Any balance will be applied to your Renewal fee.

## Corporate Profile

Type of membership being applied for  Full Member  Associate Member  Provisional Member

Language Preference  English  French

Corporation Name \_\_\_\_\_

Head Office Address \_\_\_\_\_

City \_\_\_\_\_ Province \_\_\_\_\_ Postal Code \_\_\_\_\_

Phone Number \_\_\_\_\_ Fax Number \_\_\_\_\_

Email Address \_\_\_\_\_

Web Address \_\_\_\_\_

Date Business as a Third Party Administrator Began \_\_\_\_\_ Date Business was Incorporated \_\_\_\_\_

Province of Incorporation \_\_\_\_\_ Incorporation Number \_\_\_\_\_

Name of Designated Representative for the Corporation \_\_\_\_\_

Title \_\_\_\_\_

Phone Number \_\_\_\_\_ Fax Number \_\_\_\_\_

Name of any associated companies \_\_\_\_\_

How many branch offices does the Corporation have? \_\_\_\_\_

Please indicate in which Provinces/Territories the Corporation conducts business

BC  AB  SK  MB  ON  QC  NB  NS  PEI  NL  YK  NWT  NVT

The Corporation applying for membership is:

A Public company traded on the \_\_\_\_\_ exchange.

Privately held

Owned by another corporation or entity. [Please list entity name and % of ownership below.]

Name \_\_\_\_\_ % \_\_\_\_\_

Name \_\_\_\_\_ % \_\_\_\_\_

Name \_\_\_\_\_ % \_\_\_\_\_

Name \_\_\_\_\_ % \_\_\_\_\_

Name \_\_\_\_\_ % \_\_\_\_\_

Name \_\_\_\_\_ % \_\_\_\_\_

Continued on next page

Which of the following administration services does your Corporation perform in-house? (Check all that apply)

- Benefit    Claims    Premium    Pension

Which of the following services do you provide? (Check all that apply)

- |   |   |
|---|---|
| <p><input type="checkbox"/> Claims adjudication and payment</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> For Insurers</li> <li><input type="checkbox"/> For Self Funded (ASO) clients</li> </ul> <p><input type="checkbox"/> Claims/Client Call Centre</p> <p><input type="checkbox"/> Employee communications</p> <p><input type="checkbox"/> Issuance of employee certificates of coverage</p> | <p><input type="checkbox"/> Facility to offer Stop Loss coverage to clients</p> <p><input type="checkbox"/> Printing/issue of employee benefit booklets</p> <p><input type="checkbox"/> Online/Internet based administration</p> <p><input type="checkbox"/> Flexible Benefits administration</p> <p><input type="checkbox"/> Marketing</p> |
|---|---|

Other (Please provide details) \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Does the Corporation supply any services to the Third Party Industry? (i.e. Software, insurance, consulting, brokerage services, etc.)    Yes    No

If 'Yes' please explain. \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Please indicate the following (Optional)

- the annual amount of insurance premium that is administered by the Corporation      \$ \_\_\_\_\_
- the annual amount of self-funded paid claims that is administered by the Corporation      \$ \_\_\_\_\_
- the annual amount of pension plan assets administered by the Corporation      \$ \_\_\_\_\_

Does the Corporation outsource any administration and/or claims functions?    Yes    No

## Corporate Standards & Practices

Does the Corporation have a Fidelity Bond? *(A minimum of \$500,000 coverage is required. Please submit copies of coverage pages of policies.)*

**For Benefits Administration?**    Yes    No      If Yes, when does it renew? \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

Policy # \_\_\_\_\_      Insurer \_\_\_\_\_

Amount of coverage \$ \_\_\_\_\_      Has the coverage ever been revoked?    Yes    No

If Yes, please explain \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**For Pension Administration?**    Yes    No      If Yes, when does it renew? \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

Policy # \_\_\_\_\_      Insurer \_\_\_\_\_

Amount of coverage \$ \_\_\_\_\_      Has the coverage ever been revoked?    Yes    No

If Yes, please explain \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Does the Corporation have Errors & Omissions Insurance for the administration services being provided?  
*(A minimum of \$2,000,000 coverage for TPA services is required. Please submit current copies of coverage pages of policies.)*

**For Benefits Administration?**    Yes    No      If Yes, when does it renew? \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

Policy # \_\_\_\_\_      Insurer \_\_\_\_\_

Amount of coverage \$ \_\_\_\_\_      Has the coverage ever been revoked?    Yes    No

If Yes, please explain \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**For Pension Administration?**    Yes    No      If Yes, when does it renew? \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

Policy # \_\_\_\_\_      Insurer \_\_\_\_\_

Amount of coverage \$ \_\_\_\_\_      Has the coverage ever been revoked?    Yes    No

If Yes, please explain \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

*Continued on next page*

In the past five years, have any claims been made under the Corporation's Errors & Omissions or Fidelity Bond policies against the Corporation, or any of its directors, officers, employees, agents or partners?  Yes  No

If 'Yes' please elaborate. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Does the Corporation have written administration agreements with its clients and/or insurers outlining its duties and responsibilities?  Yes  No

Does the Corporation have a disaster recovery system in place?  Yes  No

Does the Corporation reconcile client/insurer funds held by the Corporation?  Yes  No

Does the Corporation segregate client/insurer funds from its own operating accounts?  Yes  No

Are your accounting records, as they pertain to a particular client or insurer, open to audit by that client or insurer?  Yes  No

How does your Corporation ensure client funds are protected? (i.e. all client/insurer funds are held in the following institutions)

Schedule 1 banks  Schedule 2 banks  Credit Union  Insurance Company

Other, please explain. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Does the Corporation have internal controls to protect its clients funds?  Yes  No

Does the Corporation have a written policy regarding retention and destruction of plan member documents?  Yes  No

*Please answer the following:*

Does the Corporation perform **benefits** administration?  Yes  No

If Yes, does the Corporation have: Documented procedures for administration and data processing?  Yes  No  
A program for training employees in administration and data processing?  Yes  No

Does the Corporation perform **pension** administration?  Yes  No

If Yes, does the Corporation have: Documented procedures for administration and data processing?  Yes  No  
A program for training employees in administration and data processing?  Yes  No

Does the Corporation perform **claims** administration?  Yes  No

If Yes, does the Corporation have: Documented procedures for claims processing and payment?  Yes  No  
A program for training employees in claims adjudication?  Yes  No

Does the Corporation employ the services of the following specialists to assist in claims adjudication? (Please check all that apply)

	<i>Internal</i>	<i>External</i>
Dental Consultant	<input type="checkbox"/>	<input type="checkbox"/>
Medical Consultant	<input type="checkbox"/>	<input type="checkbox"/>
Rehabilitation Consultant	<input type="checkbox"/>	<input type="checkbox"/>
Paramedical Consultant	<input type="checkbox"/>	<input type="checkbox"/>

## Certification

Applicant Name \_\_\_\_\_

### APPLICANT AFFIRMATIONS

On behalf of the above-named Applicant, I/we certify and affirm that:

- (i) all information contained in this application is accurate and complete;
- (ii) the Applicant has fulfilled all necessary requirements to be able to carry out its business in the Provinces and Territories within which it provides services; and
- (iii) to the best of my knowledge and ability the Applicant complies with all applicable Federal and Provincial laws and regulations, including all Guidelines set out by any applicable provincial Superintendent of Insurance.

The Applicant understands that acceptance of its application for membership in TPAAC is subject to review of the information provided by the Applicant, and in order to make its determination, TPAAC may request further information and/or a verification visit by an independent third party. The Applicant agrees to provide such additional information as may reasonably be requested in order to perform this assessment.

It is further understood and agreed that membership is granted on a 12-month renewable contract basis. All membership fees are non-refundable. Membership may be cancelled for non-payment of fees, for failure to abide by the Association's by-laws or its Code of Professional Conduct, or for other cause in the discretion of the Board.

If the Applicant is granted membership in TPAAC, the Applicant hereby pledges its support to the objectives of TPAAC and agrees to abide by its by-laws and any Code of Professional Conduct in effect from time to time and to fulfill any and all obligations as a member.

It is expressly understood that the Applicant shall not be considered a member of TPAAC unless, and until, this Application is approved and an authorized TPAAC representative notifies the applicant, in writing, of that fact.

Any information collected by TPAAC for the purposes of the Application shall be held in confidence by TPAAC, and except, as may be legally required, will not be disclosed or released to any person at any time without proper consent and authorization, with the exception of any disclosure that may be necessary for the purposes of assessing this application by the Membership Committee and/or any auditor as appointed by TPAAC.

Authorized Signature \_\_\_\_\_ Title \_\_\_\_\_

Date \_\_\_\_\_

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Please mail your completed application, along with copies of your E&O and Fidelity Bond binder pages and your cheque for the applicable fees (see page 2), payable to Third Party Administrators' Association of Canada to the address above.

All audit documentation must be provided to KPMG within six months of receipt of your application by TPAAC. **If your application is declined, your payment will be returned, less any non-refundable application fee.**

## ADDENDUM TO APPLICATION

In order to allow KPMG LLP to further evaluate your application for membership, you will be required to send KPMG the following information, once your application has been forwarded to them for the compliance audit process.

To help ensure a smooth application process, it is recommended you have the following information available **before submitting** your application to TPAAC. KPMG will contact you directly when they are ready for you to submit the required information.

Where a certain document or information does not exist or is not available, you will be required to provide an explanation. You are only required to provide written description of processes and documentation manuals as outlined below, not the actual document or process manual.

- (1) Example of customer contract/agreement.
- (2) Documentation supporting the existence of a company disaster recovery plan.
- (3) Written documentation describing client/insurer funds reconciliation procedure, with current example reconciliation document.
- (4) Written summary describing third party funds segregation procedures, with supporting current banking documentation relating to one such fund balance.
- (5) Written documentation describing accounting records retention policies (length of time held and location, with detail by document type if the policy varies).
- (6) Written policy regarding retention and destruction of plan member documents.
- (7) Written documentation describing administration and data processing procedures for benefits administration, as well as the program for employee training (if applicable).
- (8) Written documentation describing administration and data processing procedures for pension administration, as well as the program for employee training (if applicable).
- (9) Written documentation describing administration and data processing procedures for claims administration, as well as the program for employee training (if applicable).
- (10) Provide contact information to allow KPMG to directly confirm that the following specialists are consulted by the company when required for claims adjudication, if necessary: Dental Consultant, Medical Consultant, Rehabilitation Consultant, and Paramedical Consultant.
- (11) Copy of company privacy guidelines.
- (12) Contact information - KPMG will require the following contact information to enable them to speak directly with your company accountant: Name, Title, Telephone number, and Email address.

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**Please note that all documentation provided to KPMG will be kept confidential, and will not be provided to TPAAC.**

**All audit documentation must be provided to KPMG within six months of receipt of your application by TPAAC. If required documentation is not supplied to KPMG within this time frame, your application shall automatically be denied at the expiry of the six month period.**