



Fraudulent Conduct Benefit Offset Policy

The Trustees made the following changes to the Electrical Insurance Trustees Health & Welfare Plan for Construction Workers ("Health & Welfare Plan") which is described in the Health Care Booklet for Participants in the Construction Plan dated as of January 1, 2008. Please keep this Update with your Health Care Booklet because it supplements the information contained in that Booklet.

In order to protect the Health & Welfare Plan from fraud, the Trustees adopted the following Policy, effective as of January 1, 2012, to offset a Participant's benefits in the event he or she engages in fraudulent acts against the Health & Welfare Plan.

General Provisions

A Participant who acts with the intent to defraud the Health & Welfare Plan, including, but not limited to, acts of deception, forgery, false representation, or concealment of material facts, will be considered in violation of this Policy.

These wrongful acts result in a loss and harm to the Health & Welfare Plan. Below is a general list of types of offenses and the corresponding financial harm/loss to the Health & Welfare Plan. The Fund Office shall review the circumstances of each wrongful act, calculate the approximate amount of financial harm/loss caused to the Health & Welfare Plan and notify the Participant of its findings under this Policy. Any Participant that is determined by the Fund Office to be in violation of this Policy shall have his or her and his or her dependent's benefits otherwise payable by the Health & Welfare Plan offset by the amount listed below. The amount of the offset will depend on the level of harm/loss caused to the Health & Welfare Plans and the degree of egregiousness associated with the offense.

The determination of a Participant's violation of this Policy by the Fund Office shall be considered an adverse benefit determination and subject to the Health & Welfare Plan's claims and appeals procedures.

A Participant that cooperates with the Fund Office in the discovery of wrongful acts under this Policy may have any potential offset of benefits associated with his or her wrongful acts reduced or absolved.

Possible Offenses and Associated Harm/Loss to the Health & Welfare Plan

- Participant is acquiescent in a contributing employer's acts to defraud the Health & Welfare Plan
 - Benefits otherwise payable by the Health & Welfare Plan will be offset by a maximum of \$1,000

- Participant instigates actions to defraud the Health & Welfare Plan
 - Benefits otherwise payable by the Health & Welfare Plan will be offset by a maximum of \$2,500
- Participant is an owner of and/or exercises control over the contributing employer and under-reports hours worked thereby diminishing the required contributions to the Health & Welfare Plan
 - Benefits otherwise payable by the Health & Welfare Plan will be offset by a maximum of \$5,000
- Participant is an owner of and/or exercises control over the contributing employer and engages in wrongful acts that cause significant harm/loss to the Health & Welfare Plan
 - Benefits otherwise payable by the Health & Welfare Plan will be offset by a maximum of \$7,500 and the Participant will not be eligible for Retiree coverage under the Health & Welfare Plan.

If you have any questions about the benefit changes described in this Update, please contact the Fund Office.

IMPORTANT INFORMATION

This Update is intended to serve as a Summary of Material Modifications for the Electrical Insurance Trustees Health & Welfare Plan for Construction Workers. If any conflicts exist between the terms of this Update and the official Health & Welfare Plan document, the terms of the official Health & Welfare Plan document will control. The Trustees reserve the right to amend, modify or terminate the Health & Welfare Plan at any time. Receipt of this Update does not confer any eligibility or entitlement to any benefits under the Health & Welfare Plan.

Electrical Insurance Trustees Health & Welfare Plan for Construction Workers

Employer Identification Number: 36-1033970

Plan Number: 501

October 2011