



## Service - Administration Agreement

**Benefits by Design Inc. (BBD)**

**COST PLUS PLAN**

**Plan Administrator:** BBD ("Administrator")

**Policyholder/Company:** \_\_\_\_\_

**Plan Administrator Name:** \_\_\_\_\_ **Phone:** \_\_\_\_\_

**Address:** \_\_\_\_\_

\_\_\_\_\_

**Insured:** The employees of the Policyholder and their eligible dependents as determined by the Policyholder (the "Insured")

**Administrator's Fee:** 10% of all Claims Paid ("Fee"). The minimum administrator's fee is \$25.00. The maximum administrator's fee is \$300.00.

**Other Taxes:** Where applicable, Good's and Services Tax (GST) and/or, Harmonized Sales Tax (HST) and/or Provincial Sales Tax will be added to the Administrator's Fee

**Term:** The agreement will commence on the effective date and continue for a one-year period. This agreement shall be automatically renewed for successive one year periods thereafter unless either party sends to the other a written notice of non-renewal at least 30 days prior to the date of commencement of each renewal term.

**Plan Start Date:** The Administrator and the Policyholder agree to establish and administer the Private Health Services Plan ("Plan") on the terms specified below, effective as of \_\_\_\_\_, 20\_\_

Signed at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_

\_\_\_\_\_  
**Authorized Signature of Employer**

\_\_\_\_\_  
**Name and Title**

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**TERMS AND CONDITIONS:**

**1. COVERAGE:**

The Plan covers all hospital, medical and dental expenses of the Insured ("Claims") that qualify as such expenses under The Income Tax Act of Canada ("ITA") and are not prohibited by law. \*Coverage is only offered to registered companies. Sole Proprietorships are not eligible.

**2. CLAIM APPROVAL AND SUBMISSION:**

The Administrator, on receipt of a claim from an employee of the Policyholder, shall determine whether the claim is for an expense covered by the Plan. In order to be eligible for payment, expenses must be incurred on or after the "Plan Start Date", and within the terms of the employment contract. Expenses incurred after the "Plan Start Date" which are incurred during the current or preceding calendar year must be submitted by the Claim Deadline: March 31<sup>st</sup> of the second year (i.e. expenses for 2008 must be submitted before March 31, 2010). BBD will require additional authorization when a claim is in excess of \$10,000.00. A form will be sent to the employer upon review of the claim.

**3. CLAIMS AND FEE PAYMENT:**

Upon receipt of an eligible claim, the Administrator shall issue payment for the Claim by cheque directly to the individual Insured and shall provide notification of such payment to the Policyholder. The Administrator may deduct the Fee from the Contributions at the time the cheque for the Claim is issued.

**4. TERMINATION PRIOR TO THE TERM DATE:**

The Administrator or the Policyholder may terminate this Agreement on 30 calendar days written notice to the other at the address indicated. At the discretion of the Policyholder, employees may be given 90 days to submit claims for expenses incurred prior to the termination date.

**5. TAX TREATMENT:**

The characterization of the Contributions and the Claims paid under the ITA is a matter to be assessed solely by the Policyholder. The Policyholder should consult an accountant about tax treatment and CRA guidelines. The Administrator is not legally responsible for any and all claims that are not accepted by CRA.

**6. GENERAL:**

If any provision of this Agreement is found by a court of competent jurisdiction to be unenforceable then such provision shall be severed and the remaining terms and covenants shall be unaffected and enforced to the greatest extent permitted by law. No amendment of the Agreement shall be valid unless in writing and signed by the Policyholder and the Administrator. The Summary forms part of this Agreement.

Class of Eligible Employees: \_\_\_\_\_

(e.g. "Management" or "All Employees")

Names of Eligible Employees

Occupation

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**IMPORTANT NOTE:** Canada Revenue Agency (CRA) has indicated that a personal cost plus plan for the benefit of only the owner/proprietor (and dependents) may not qualify as a Private Health Services Plan. Any contribution or premium and administration charges paid to the Insurance Company to reimburse eligible medical and/or dental claims may be denied as an eligible tax deduction. To avoid this problem, the plan should not exclude non-shareholder / arms length employees. If you have any questions regarding the implications of an owners only plan, please contact your accountant or a tax expert.