



COST PLUS AGREEMENT

Between

And

MDM Insurance Services Inc.

The purpose of this document is to set forth the terms of agreement between the Employer and MDM Insurance Services Inc. with regard to Cost Plus Health and Dental benefits to be administered by MDM Insurance Services Inc.

"Cost Plus" is simply a term which outlines a practice whereby a company self insures certain claims and processes payment through an insurer for maximum tax effectiveness. "Cost" refers to the cost of the claim and "Plus" refers to an insurer's handling charges.

1. Agreement

Words and expressions contained in this Agreement have the same meaning as those contained in the appropriate insurance policy(ies) of the Employer.

2. Eligible Employees

The following designated classifications of employees and their dependents shall be eligible for benefits under this Agreement:

All Eligible Employees

3. Eligible Expenses

This Agreement will cover expenses for any incurred medical or dental services or supplies, or any portion thereof, which are not insured under the Employer's group plan(s), provided such services or supplies are reasonable as determined by MDM Insurance Services Inc., and are listed as a medical expense according to Interpretation Bulletin No. IT-519R2, which references Sections 64, 118.2, 118.3 and 118.4 (also sections 64.1, 118, 118.7 and 118.8; subsections 6(16) and 117(2) and paragraphs 117.1(1)(b) of the *Income Tax Act* and section 5700 of the *Income Tax Regulations*.

4. Adjudication and Reimbursement

Upon receipt of the completed claim form, along with original receipts and company cheque, MDM Insurance Services Inc. will review and establish the amount of the eligible expense. Unless otherwise stipulated in writing by the Employer, eligible expenses will be reimbursed in full (100%).

In providing services under this Agreement, MDM Insurance Services Inc. is acting on behalf of the Employer as a Plan Administrator, and the Employer is solely responsible for payment of claims.

The Employer will provide MDM Insurance Services Inc. with such records or information as may reasonably be required in administering this Agreement, subject to the Employer's rights to refuse disclosure for reasons of confidentiality.

The Employer agrees to indemnify and hold harmless MDM Insurance Services Inc. from any and all claims, damages, lawsuits, losses, costs and charges incurred by MDM Insurance Services Inc. as a result of their performance of this Agreement.

5. Administration Charges

The service fee will be 5%, with a minimum of \$35.00 and a maximum of \$150.00, plus any applicable taxes, to be charged for each cheque issued in payment of a claim by MDM Insurance Services Inc.

Signed for the Employer: _____
Signature

Name and Title Date

Company Name

Address

Telephone E-mail Address

Signed for MDM Insurance Services Inc.: _____
Signature

Name and Title Date

Please return to: MDM Insurance Services Inc.
P. O. Box 970
Guelph, ON
N1H 6N1

1-800-838-1531 or (519) 837-1531
Fax: (519) 836-4909

Before implementing a Cost Plus program, we strongly encourage you to consult with your professional tax advisor. You want to be sure that you are eligible to implement a Cost Plus program and before any expenses are submitted for reimbursement, you need to be sure that these expenses are eligible. For a complete list of eligible medical expenses (form IT-519), you can visit Revenue Canada's Web site at www.cra-arc.gc.ca or by calling 1-800-959-2221.