



Welcome to Farmers

**New Hire Benefits
Guide**

2012

You must enroll within 30 days of your hire date to ensure you have the benefits coverage you need in 2012.



Welcome to Farmers

Farmers values the contributions of every employee. Without employees like you, we would not be able to deliver long-term value to our customers. And, just as we add value to our customers, we believe it's important that your benefits add value to your career at Farmers.

When it comes to benefits, we understand that one size doesn't necessarily fit all. That's why we give you the flexibility to choose the combination of benefits that's right for you, your family and your goals. Whether you're focused on getting healthier or saving for the future, you have the opportunity to get there with your Farmers benefits.

To make the right choices, you need to understand your benefit options. You can start by reading this guide, which gives you details about your benefits, explains the enrollment process and directs you to the tools and resources that can help you along the way. Thank you, in advance, for all that you'll add to Farmers.



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The basics about your benefits

Before you dive into the details of our health care, life and disability, and retirement plans, take a few minutes to read up on the basics about your Farmers benefits.

This is your opportunity to choose – Don't miss out

Within your first 30 days of employment, you have the opportunity to choose the benefits and coverage you need – make sure you take advantage of this opportunity. Actively enrolling is the only way to make sure you have benefits and coverage for 2012.

To be covered under Farmers benefits in 2012, you must actively enroll. **If you do not actively make benefit elections within 30 days of your employment or re-employment with Farmers, you and your dependents will not have medical, dental, vision, accidental death & dismemberment (AD&D) or supplemental life coverage through Farmers in 2012.** Additionally, you will not be able to contribute to the Health Savings Account (HSA) or a Flexible Spending Account (FSA). You will be covered only under the company-paid basic life insurance, business travel and long- and short-term disability.

Got questions? Get answers.

You can find most information about your 2012 benefits by reviewing this benefits guide. If you need more detailed information, you can find it by accessing "Benefits and Policies." Go to Farmers Today and log on to the GEMS Portal under HR Connection. Click on the "Employee Self Service" tab. Then, access "Benefits and Policies."

If, after checking online, you can't find the answer to your question, call the HR Service Center at (888) 599-3636 or send an e-mail to hr.service.center@farmersinsurance.com. The HR Service Center is available from 5 a.m. to 4 p.m. Pacific Time



Am I eligible for benefits?

You can enroll yourself and your eligible dependents. Your eligible dependents include:

- Your spouse or domestic partner
- Your dependent children or your domestic partner's children under age 26, regardless of their financial dependence on you or their marital or student status
- Children under your legal guardianship (Note: Grandchildren can be covered only if you are the legal guardian.)
- Your single children of any age who are handicapped or totally disabled and who were enrolled in your benefits before age 26

For more information on dependent eligibility, go to Farmers Today and log on to the GEMS portal under HR Connection. Click on the "Employee Self Service" tab. Then access "Benefits and Policies."

What happens if I don't enroll in benefits as a new employee?

If you don't actively enroll within 30 days of your date of hire, you'll automatically receive these benefits only:

- Company-paid short-term disability (after 90 days of employment)
- Company-paid long-term disability (after 90 days of employment)
- Company-paid basic life insurance
- Company-paid business travel accident insurance
- Employee Assistance Program for yourself and eligible dependents

You will not receive medical coverage or any other Farmers benefits if you don't enroll as a new employee. Additionally, you'll not be able to contribute to the Health Savings Account and/or Flexible Spending Accounts.

Can I change my coverage?

The elections you make for 2012 will stay in effect through December 31, 2012, unless you experience a qualified life change event. If you experience a qualified life change event, you must make any coverage changes within 30 days of that change and the change you make must be consistent with the event.

Qualified life change events include:

- Marriage or divorce
- The birth, death or adoption of a child
- A change in work status for you or your spouse or domestic partner
- The death of your spouse or domestic partner
- Loss of coverage in another plan

When does my coverage start?

Your coverage for some benefits begins immediately, while other benefits follow a coverage schedule. The table below outlines your coverage start dates for Farmers benefits.

Dollars	Coverage Start Date		
	Immediate	First of month following one month of employment*	Following 90 days of employment
Farmers Group, Inc. 401(k) Savings Plan	•		
Farmers Group, Inc. Employees' Pension Plan	•		
Employee Assistance Program	•		
Business Travel Accident Insurance	•		
Holidays	•		
Medical		•	
Dental		•	
Vision		•	
HealthFirst		•	
Health Savings Account		•	
Flexible Spending Account		•	
Life Insurance		•	
Accidental Death & Dismemberment Insurance		•	
Benefit Dollars		•	
Adoption Benefits		•	
Paid Time Off			•**
Short-Term Disability			•
Long-Term Disability			•

* Coverage will be effective the first day of the month following one month of employment, unless hired on the first day of the month. If hired on the first day of the month, coverage is effective the first day of the following month.

** Accruals start the first day of the month following 90 days of employment.

Who pays for coverage?

Paying for your benefits is a shared responsibility. Farmers pays the full cost of some of your benefits, you pay the full cost of others, and for some we share the cost. The table below outlines who pays for which benefits.

	Farmers pays the full cost	You and Farmers share the cost	You pay the full cost
Medical		•	
Dental			•
Vision			•
Health Savings Account (HSA)		•	
Flexible Spending Account (FSA)			•
Life Insurance (basic employee)	•		
Life Insurance (supplemental employee and dependent)			•
Accidental Death & Dismemberment Insurance			•
Business Travel Accident Insurance	•		
Short-Term Disability	•		
Long-Term Disability	•		
Farmers Group, Inc. 401(k) Savings Plan		•	
Farmers Group, Inc. Employees' Pension Plan	•		

For detailed information on Farmers benefits log-in to [GEMS: Employee Self-Service](#) and select **Benefits and Policies**

Make your benefits work for you

Actively enrolling is the only way to make sure you have the benefits and coverage you need for 2012. Here's a handy checklist of what you can do before, during and after you enroll to make your benefits work for you.

Get ready, get smart

- **Visit** “Benefits and Policies” through HR Connection on Farmers Today to learn more about your 2012 benefits. Once you log in to the GEMS portal:
 - Click on the “Employee Self Service” tab at the top of the screen
 - Then click on the “Benefits and Policies” tab located on the navigation bar below the “Employee Self Service” tab
- **Compare** your estimated costs under each medical plan option by using the UnitedHealthcare (UHC) Plan Cost Estimator at myuhc.com. Use “farmersins” as the username and password. If your spouse or domestic partner has benefits available through his or her employer, be sure to consider those additional options as well.
- **Decide** which plans best meet your needs and how much to contribute to your Health Savings Account and/or Flexible Spending Accounts.

Make your choices

- **Ask** questions. Use the contact information on page 35 or call the HR Service Center at (888) 599-3636
- **Enroll** within 30 days of your hire date – and the earlier, the better. You should have received an e-mail with a user name and password to access GEMS – our benefit enrollment portal. If you can't find your GEMS user name and password, contact the HR Service Center at (888) 599-3636.

To enroll, go to Farmers Today and log on to the GEMS portal under HR Connection. Then:

- Click on the “Employee Self Service” tab at the top
 - Click on “Benefits” on the left under “Detailed Navigation”
 - Click on “Benefits Enrollment and Changes” and follow the onscreen instructions
- **Print** a copy of your benefits confirmation statement for your records.

Stay involved

- **Take** an active role in your benefits. Our benefits are here to help you and your family, so make the most of them throughout the year.
- **Review** your paycheck to make sure your deductions match the benefits you elected.

Remember:

You **MUST** enroll to have coverage in 2012

To ensure you have the benefits you need for 2012, you must actively enroll. Otherwise, you will not have coverage under any Farmers benefits, except for the company-paid basic life insurance, business travel accident, short-term and long-term disability coverage. Additionally, you will not be able to contribute to the Health Savings Account or Flexible Spending Accounts.

Total Rewards Dollars

Paying for benefits is a shared responsibility. For many benefits, you and Farmers both make contributions to pay for your coverage. To help pay for your benefits, Farmers provides Total Rewards Dollars, too. Your Total Rewards Dollars help to offset your paycheck deductions for the benefits you choose, such as medical, dental and vision coverage or for your HSA or FSA contributions.

Dollars	How they work	Value	Your minimum contribution
Benefit Dollars	You receive a total of \$375 per year, equally divided among your 24 semi-monthly paychecks.	\$375*	\$0
Wellness Dollars	If you complete designated Healthy Lifestyle Programs through HealthFirst, you'll receive up to \$200.	\$25 – \$200**	\$0
HSA Dollars	If you elect one of the high-deductible health plans during enrollment and make the minimum contribution through pretax payroll deductions to an HSA with OptumHealthBank, you'll receive a company contribution to help pay for eligible health care expenses. This will appear as a lump-sum deposit into your HSA after you enroll.	\$500/employee only or \$1,000/family (pretax)***	\$100/employee only or \$200/family (pretax)
Total	\$375 – \$1,075 (employee only) or \$375 – \$1,575 (family)		

* Amount pro-rated based on your date of hire.

** You must complete certain HealthFirst wellness programs within designated time frames to receive Wellness Dollars.

*** Amount prorated based on your date of hire or qualifying event date, if applicable.



HealthFirst

Savings tip: Put your health first

Being a good health care consumer means understanding your health status and risks, making healthy lifestyle choices and getting the right level of care at the right time. Adding all three together can equal savings, because the more informed and healthier you become, the less time and money you'll need to spend in your doctor's office. Take advantage of HealthFirst, our comprehensive wellness program, to put your health first and earn Wellness Dollars.

If you can't find your answer in Benefits and Policies e-mail or call the HRSC, they're standing by. (888) 599-3636 Mon-Fri 7A-6P CT, hr.service.center@farmersinsurance.com

Medical

We believe it's important to offer you affordable medical coverage for you and your family. We also recognize that it's a personal decision. Farmers offers you a choice of four medical options so you can choose the plan that best fits your life and your needs:

The options for 2012, administered by UnitedHealthcare (UHC), include:

- Choice Plus HSA
- Choice Max HSA
- Choice Premier HSA
- Choice Plus

The options have a lot in common, as well as some important differences. All four options:

- Cover the **same services** and give you access to the **same network** of health care providers and facilities. You're free to see any provider you want, but using providers in UHC's network will save you money because they have agreed to negotiated rates and because the plan pays a higher level of reimbursement.
- Cover **preventive care services** at 100% when you use in-network providers. Preventive care includes annual physical exams, routine immunizations and much more.
- Include **prescription drug benefits** managed by Medco. To receive benefits, you must go to an in-network pharmacy. If you go to an out-of-network pharmacy, you'll pay the full cost of your prescription.

Here's a look at how the options differ:

	Choice Plus HSA	Choice Max HSA	Choice Premier HSA	Choice Plus
When the plan begins to pay	Pay later through higher deductibles but require lower payroll contributions for coverage			Pays sooner through a lower deductible but requires a higher payroll contribution for coverage
How the plan covers prescription drugs	Subject to the deductible and coinsurance like any other eligible medical expense			Subject to copays, which do not count toward your deductible
How the family deductible works	Begins to pay benefits only after the entire family deductible of \$2,500 is met, regardless of who incurs the expenses	Begins to pay benefits only after the entire family deductible of \$4,000 is met, regardless of who incurs the expenses	Begins to pay benefits only after the entire family deductible of \$5,600 is met, regardless of who incurs the expenses	Begins to pay benefits for a covered family member who meets the \$600 individual deductible and begins to pay benefits for the entire family once two family members each meet the \$600 individual deductible
Which tax-advantaged accounts can be used	<ul style="list-style-type: none"> ■ Can be used with the HSA, which allows you to save tax-free money for health care expenses now or in the future (see page 15 for more details) ■ Can be used with a Dental and Vision FSA (see page 18 for more details) to pay for dental and vision expenses during the plan year 			Can be used with the Health Care FSA, which allows you to save tax-free money for health care expenses during the plan year (see page 18 for more details)

How Choice Plus HSA, Choice Max HSA and Choice Premier HSA work

The Choice Plus HSA, Choice Max HSA and Choice Premier HSA are high-deductible health plans, designed to be used with an HSA. Under these plans, you pay less in employee contributions but you have a higher deductible to meet.

The benefit is that rather than paying a high contribution for coverage you may not need, you pay a lower contribution for coverage and pay more in out-of-pocket costs only if and when you use medical services or purchase prescription drugs. (Under high-deductible health plans like the Choice Plus HSA, Choice Max HSA and Choice Premier HSA, prescription drugs are subject to the annual deductible and coinsurance.)

In addition, an HSA allows you to save money for health care expenses now or in the future. You can set aside the money that you save by paying lower employee contributions and elect to contribute a higher amount into your HSA. The money in your HSA can be used to help meet your deductible when you have out-of-pocket health care costs now or in the future. For details on how the HSA works, see page 14.

The family coverage deductible in the Choice Plus HSA, Choice Max HSA and Choice Premier HSA works differently than under Choice Plus. These plans begin to pay a benefit only after the entire family deductible (\$2,500 in Choice Plus HSA, \$4,000 in Choice Max HSA and \$5,600 in Choice Premier HSA) is met, regardless of who incurs the expenses.

How Choice Plus works

Under the Choice Plus option, you pay more in employee contributions so that you have a lower annual deductible to meet if and when you use medical services.

If you select family coverage under Choice Plus, the plan begins to pay expenses for covered individuals who reach a \$600 deductible, and begins to pay expenses for the entire family once two family members have each met the \$600 deductible. Under the Choice Plus option, prescriptions have copays and are not subject to the deductible.



Out-of-area coverage is available

If you live in an area where the UHC network is not available, there's an out-of-area version of each of the medical options. The benefits under these plans are the same as in the in-network plan but because the UHC network is not available in your area, you can go to any doctor or hospital. Coverage is based on usual and customary rates in these areas. If you are eligible for out-of-area coverage, it will be listed on your benefit enrollment screen.

Prescription Drug Benefits

Each of the four medical plan options includes prescription drug benefits managed by Medco. You must go to an in-network pharmacy to receive prescription drug benefits. None of the medical plan options cover prescriptions filled at out-of-network pharmacies. If you go to an out-of-network pharmacy, you'll pay the full cost of your prescription and will not be applied to your deductible.

With Choice Plus, you pay copays for your in-network prescription drugs. With Choice Plus HSA, Choice Max HSA and Choice Premier HSA, you pay the full negotiated cost of your in-network prescription drugs until you meet the deductible. At that point, you pay 20 percent of the negotiated cost and Farmers pays the remaining 80 percent. After you reach the out-of-pocket maximum, the plan pays 100%.

Regardless of which medical option you choose, understanding the different prescription drug tiers can help manage your prescription drug costs.

Tier	What You Need to Know
Generic drugs	<ul style="list-style-type: none"> ▪ These drugs cost the least. ▪ When compared to their brand-name equivalents, generics have the same therapeutic value and active ingredients, come in the same strengths and dosages, and meet the same standards for safety, quality and effectiveness. The only differences: the name and the price. ▪ Under Choice Plus, if a generic drug is available and the prescription is filled with a brand-name drug, you'll pay the difference in the cost between the generic drug and the brand-name drug, in addition to the generic copay. This will apply regardless of whether you or your physician requests the brand-name drug.
Preferred drugs	<ul style="list-style-type: none"> ▪ These drugs are either generic or brand-name drugs that are preferred by the plan because they are safe, effective alternatives to other generics or brands that may be more expensive. ▪ Preferred drugs have been chosen by Medco pharmacists for the formulary, which is a list of preferred prescription drugs, and typically do not have generic equivalents.
Non-preferred brand-name drugs	<ul style="list-style-type: none"> ▪ These drugs cost the most. ▪ Non-preferred brand-name drugs are not listed on the formulary, usually because they have generic or other brand alternatives that are on formulary. Up-to-date formulary and tier information for each specific drug is available by searching the Medco website or by calling a Medco customer service representative.

Learn more from Medco

For more details on the prescription drug coverage, contact Medco. Before you enroll, you can reach Medco by calling (877) 722-6279. After you enroll, you may visit medco.com or call (800) 987-5248.

For more detailed information on Farmers benefits, log on to GEMS, click on "Employee Self Service" and select "Benefits and Policies."

Savings tips

We all look for ways to save. To save on your out-of-pocket medical and prescription drug costs, try following these tips.

Pick the medical plan that's right for you

One of the most important ways to maximize your health care dollars is to pick the plan that's right for you. Be sure to take the time to review all of your options. And, be sure to contribute to a tax-advantaged account to help you save even more.

If you need help comparing your potential costs under the medical plan options, try using the UHC Plan Cost Estimator. This tool analyzes your unique needs – like your prescription drug costs, treatment for chronic conditions and any planned procedures – and compares what your health care expenses could be under each of the medical plan options. And, you can use the UHC Plan Cost Estimator to model contributions to your HSA and Health Care FSA to maximize your tax savings and manage your total out-of-pocket costs. See page 23 for more details.

Choose in-network providers

Using in-network providers can save you money. When you choose an in-network provider, you get a double advantage:

- First, you benefit from negotiated rates UHC has with its network providers. Keep in mind, negotiated rates don't mean a discount in quality – to be part of the UHC network, providers must meet certain quality standards and certification requirements.
- Second, you receive a higher benefit level. Farmers pays 80 percent of the cost of in-network services after you meet the deductible compared with 60 percent of reasonable and customary charges when you go to an out-of-network provider.

Take a few minutes to use the UHC Online Provider Directory. This tool lets you search for in-network providers and facilities by geographical area or by name. You can also designate a medical specialty and other criteria, such as a second language, to further refine your search.

To use the directory, go to myuhc.com and click “Find Physician or Facility.” The directory changes as information is updated so it's a good idea to check the status of your doctors throughout the year as you schedule appointments.

Use the mail-order service

If you take a medication on an ongoing basis, Medco by Mail can save you time by delivering your maintenance medication right to your home. If you enroll in Choice Plus, using Medco by Mail can save you time and money. That's because you'll be responsible for the full mail-order copay after your third refill of a maintenance medication at a retail pharmacy. Start saving by signing up for Medco by Mail at medco.com.

Ask your doctor about generics

If you are currently taking a preferred or non-preferred drug, ask your doctor if a generic equivalent is available and if you would be a good candidate to switch. You can also use medco.com to view drugs and compare the cost of generic drugs against brand-name drugs.

At a glance: Your medical options

	Choice Plus HSA		Choice Max HSA		Choice Premier HSA		Choice Plus	
	In-Network & Out-of-Area	Out-of-Network	In-Network & Out-of-Area	Out-of-Network	In-Network & Out-of-Area	Out-of-Network	In-Network & Out-of-Area	Out-of-Network
Annual deductible* (employee only/ family)	\$1,250/\$2,500		\$2,000/\$4,000		\$2,800/\$5,600		\$600/\$1,200	
	The Choice Plus HSA, Choice Max HSA and Choice Premier HSA deductibles include:						The Choice Plus deductible includes:	
	<ul style="list-style-type: none"> ■ Covered medical expenses, ■ Mental health/substance abuse and ■ Prescription drug expenses. 						<ul style="list-style-type: none"> ■ Covered medical expenses ■ Mental health/substance abuse expenses 	
	The deductibles do not include penalties for failure to pre-notify or out-of-network expenses over reasonable and customary charges.						The deductible does not include prescription drug copays and penalties for failure to pre-notify.	
Out-of-pocket,maximum* (employee only/family)	\$2,500/\$5,000		\$4,000/\$8,000		\$5,600/\$11,200		\$1,200/\$2,400	
Preventive care	Plan pays 100%	Plan pays 60%**	Plan pays 100%	Plan pays 60%**	Plan pays 100%	Plan pays 60%**	Plan pays 100%	Plan pays 60%**
Physician office visit***	Plan pays 80%**	Plan pays 60%**	Plan pays 80%**	Plan pays 60%**	Plan pays 80%**	Plan pays 60%**	Plan pays 80%**	Plan pays 60%**
Surgical expenses	Plan pays 80%**	Plan pays 60%**	Plan pays 80%**	Plan pays 60%**	Plan pays 80%**	Plan pays 60%**	Plan pays 80%**	Plan pays 60%**
Inpatient hospital stays	Plan pays 80%**	Plan pays 60%**	Plan pays 80%**	Plan pays 60%**	Plan pays 80%**	Plan pays 60%**	Plan pays 80%**	Plan pays 60%**
	Pre-notification applies to inpatient hospital stays. There is a \$500 penalty for failure to pre-notify.							
Outpatient hospital diagnostic tests, procedures and services***	Plan pays 80%**	Plan pays 60%**	Plan pays 80%**	Plan pays 60%**	Plan pays 80%**	Plan pays 60%**	Plan pays 80%**	Plan pays 60%**
Outpatient therapies	Plan pays 80%**	Plan pays 60%**	Plan pays 80%**	Plan pays 60%**	Plan pays 80%**	Plan pays 60%**	Plan pays 80%**	Plan pays 60%**
	Outpatient therapies include physical, occupational, respiratory and speech therapies. Outpatient therapies limited to 60 combined visits per year.							
Emergency room services	Plan pays 80%**	Plan pays 80%**	Plan pays 80%**	Plan pays 80%**	Plan pays 80%**	Plan pays 80%**	Plan pays 80%**	Plan pays 60%**
	Treatment for a true emergency will be treated as in-network under all options. Notification required if admitted to the hospital. Non-emergency care delivered in an emergency room is not covered.							
Urgent care services	Plan pays 80%**	Plan pays 60%**	Plan pays 80%**	Plan pays 60%**	Plan pays 80%**	Plan pays 60%**	Plan pays 80%**	Plan pays 60%**
Mental health/ substance abuse	Inpatient/ Outpatient Plan pays 80%**	Inpatient/ Outpatient Plan pays 60%**	Inpatient/ Outpatient: Plan pays 80%**	Inpatient/ Outpatient Plan pays 60%**	Inpatient/ Outpatient: Plan pays 80%**	Inpatient/ Outpatient Plan pays 60%**	Inpatient/ Outpatient: Plan pays 80%**	Inpatient/ Outpatient: Plan pays 60%**
	To receive mental health/substance abuse benefits, you must call United Behavioral Health before receiving treatment.							
Prescription drug (generic/preferred /non-preferred brand- name)****	Retail and mail order: Plan pays 80% after annual deductible is met	Not covered	Retail and mail order: Plan pays 80% after annual deductible is met	Not covered	Retail and mail order: Plan pays 80% after annual deductible is met	Not covered	Retail: \$10/\$25/\$40 Mail order: \$25/\$62.50/\$100	Not covered

*The annual deductibles and out-of-pocket maximums include expenses for in-network and out-of-network services combined. For example, if an employee sees an in-network doctor and pays \$200 for the service, and later sees an out-of-network doctor and pays \$500 for services, the combined amount of \$700 will apply to the employee's annual deductible and out-of-pocket maximum. UHC refers to this as "cross application."

** Percentage of negotiated fee for in-network or reasonable and customary charges for out-of-network, which the plan covers **after you meet your deductible**. The out-of-area option will provide an in-network benefit of 80% of reasonable and customary charges.

*** For non-preventive care.

**** Under Choice Plus, when a generic drug is available and the prescription is filled with a brand-name drug, you'll pay the difference in the cost between the generic drug and the brand-name drug, in addition to the generic copay. This will apply regardless of whether you or your physician requests the brand-name drug.

Important note:

UHC's in-network providers request an explanation of benefits (EOB) for the services provided to determine your out-of-pocket responsibility. However, the provider has the right to request payment at the time of the visit. If this happens, you are responsible only for the negotiated fee between UHC and the provider. Ask your provider to check with UHC to obtain the negotiated fees for your procedures and/or the billing codes.



Savings tip: Pick the medical plan that's right for you

One of the most important ways to maximize your health care dollars is to pick the plan that's right for you. Be sure to take the time to review all of your options and "do the math." Use the UHC Plan Cost Estimator at **myuhc.com**. Use "Farmersins" for both the user name and password.

If you can't find your answer in Benefits and Policies e-mail or call the HRSC, they're standing by. (888) 599-3636 Mon-Fri 7A-6P CT, hr.service.center@farmersinsurance.com

Saving taxes through Health Savings and Flexible Spending Accounts

Want to save on taxes? You can with an HSA or FSA. These tax-advantaged accounts let you pay for your out-of-pocket health care costs with tax-free dollars. With easy payroll deductions and convenient debit cards, these accounts may be easier to use than you think.

Depending on which medical option you choose, you'll have the opportunity to contribute to different types of tax-advantaged accounts:

- If you enroll in the Choice Plus HSA, Choice Max HSA or Choice Premier HSA, you can use an HSA.
- If you enroll in Choice Plus, you can use a Health Care FSA.

Here's an overview of how each works.

	HSA	Health Care FSA
With which medical plan can I have this account?	High Deductible Health Plans, like the Choice Plus HSA, Choice Max HSA or Choice Premier HSA	<ul style="list-style-type: none"> ■ Choice Plus or if you are not enrolled in a Farmers medical plan. ■ If you contribute to an HSA, you can contribute to a limited purpose FSA, which is for dental and vision expenses only.
Who funds the account?	You and Farmers	You
How much can be contributed?	Based on your coverage level, you may contribute up to: <ul style="list-style-type: none"> ■ \$2,600 for employee only (plus \$500 Farmers contribution) ■ \$5,250 for family (plus \$1,000 Farmers contribution) ■ Employees age 55 or older can contribute an additional \$1,000 as a "catch-up contribution" 	You may contribute up to \$5,000
Does the money in the account earn interest?	Yes, it grows tax-free with interest and can be withdrawn tax-free to pay for eligible health care expenses	No, but it can be withdrawn tax-free to pay for eligible health care expenses
What happens to any money left in my account at the end of the year?	Your unused money rolls over from year to year	If you don't spend it, you lose it
What happens to any money left in my account if I leave or retire?	The money is yours to take with you	Your account balance must be used for expenses incurred during the plan year
Am I eligible to contribute?	<ul style="list-style-type: none"> ■ Yes, if you are enrolled in a high deductible plan. ■ No, if you are enrolled in Medicare Part A or B or any other medical plan (which includes a spouse's FSA) that is not a high deductible Health Plan. 	Yes. If you contribute to an HSA, you can only contribute to a limited purpose FSA, which is for dental and vision expenses only.

There's an FSA for dependent day care, too

If you have dependent day care expenses you may want to consider using the Dependent Care FSA to save even more on your taxes. See page 18 to learn more.

See the savings

Here's an example of the tax savings from using an HSA or a Health Care FSA. Don't under-estimate the impact of your tax savings. In the example below, a pretax contribution of \$4,000 feels like a contribution of just \$3,094.

	Employee without an HSA or Health Care FSA	Employee with an HSA or Health Care FSA
Annual income	\$50,000	\$50,000
Pretax contributions	– \$0	–\$4,000
Taxable income	\$50,000	\$46,000
Estimated Federal taxes*	–\$7,500	–\$6,900
Social Security taxes (7.65%)	–\$3,825	–\$3,519
After-tax eligible expenses	–\$4,000	–\$0
Take-home pay	\$34,675	\$35,581
Tax savings	\$0	\$906

**Estimated at 15% of taxable income for illustrative purposes. Your tax savings may differ based on your specific situation. No tax credits, state taxes or local taxes are considered.*

Using an HSA or FSA for your dependents

There may be some instances where you cover your dependent under the medical plan, but they are not eligible to have expenses reimbursed through the HSA or FSA because the IRS does not consider them a tax-qualified dependent. If you have questions, contact your tax advisor or call OptumHealthBank at (800) 791-9361.

A closer look: Health Savings Accounts

If you enroll in the Choice Plus HSA, Choice Max HSA or Choice Premier HSA, you can use an HSA to pay for eligible health care expenses – including medical, prescription drug, dental and vision expenses – with tax-free dollars.

How you use your HSA is up to you. You can:

- Set aside money to cover your expected health care bills for the year while making the most of the tax advantages, or
 - Build up enough savings to cover your out-of-pocket maximum so that you're protected from the costs of a serious illness or injury, or
 - Make contributions and invest your balance to save for your health care expenses in retirement.
- No matter how you choose to use your HSA, be sure to keep your receipts with your other tax records. You'll need them at tax time, and the IRS may ask you to substantiate your eligible health care expenses.

If you already have an HSA

OptumHealthBank administers the HSA for Farmers participants. If you already have an OptumHealthBank HSA through a previous employer, you should contact OptumHealthBank Customer Service at (800) 791-9361 to tell them that you now work for Farmers. OptumHealthBank will then notify Farmers, and your existing account will be used.

If you have an HSA through a previous employer that was not administered by OptumHealthBank, and you want to roll it into Optum, contact OptumHealthBank Customer Service at (800) 791-9361 to request a rollover form.

In either case, be sure to enter your contribution amount when you enroll in your Farmers benefits.

How the HSA works

When you contribute to an HSA, so does Farmers. As long as you make the minimum contribution with company payroll deductions through OptumHealthBank, Farmers will make a contribution to your HSA:

- If you have employee only coverage and contribute at least \$100 to the HSA, Farmers will contribute \$500.
- If you have family coverage and contribute at least \$200 to the HSA, Farmers will contribute \$1,000.

Although you make contributions evenly over the course of the year, the company contribution will appear as a lump-sum deposit into your HSA when your account is opened. As soon as the company contribution is in your HSA, it's yours to save or spend on qualified health care expenses.

Both your contributions and the Company contribution count toward the HSA annual maximum, as shown in the chart:

2012 HSA Annual Maximum Contributions (All HSA Plans)					
Coverage Level	Maximum Employee Contribution	+	Company Contribution	=	Annual Maximum HSA Contribution
Employee only	\$2,600	+	\$500	=	\$3,100
Family	\$5,250	+	\$1,000	=	\$6,250

If you'll be age 55 or older in 2012 and not enrolled in Medicare, you can contribute up to an additional \$1,000 to your HSA in catch-up contributions. That means your maximum annual HSA contribution is \$4,100 for employee only medical coverage and \$7,250 for employee plus family medical coverage.

OptumHealthBank charges monthly maintenance fees. In addition, other fees may be associated with the OptumHealthBank HSA options. Call OptumHealthBank Customer Service at (800) 791-9361 for details.

There's more online

To learn more about HSAs, including eligibility requirements, visit treas.gov and enter "Health Savings Accounts" in the search bar.

Medicare and the HSA

If you are enrolled in Medicare Part A or B in 2012, federal regulations don't allow you to open and contribute to an HSA. Remember, your HSA is separate from your medical plan. You are still eligible for Farmers Medical Plans even if you are enrolled in Medicare.



Using your HSA

Once you have sufficient funds in your HSA, you have three ways to pay for your eligible health care expenses. If you are initially opening an Optum HSA, you may request reimbursement from your HSA for qualified medical expenses that occur on or after the later of the date that your high-deductible health plan is effective or on or after the date of the first deposit to your HSA:

- Debit card: OptumHealthBank provides a debit card tied to your account. You can use your debit card to pay for products and services that count toward your deductible.
- Checks: You can order checks through OptumHealthBank. Please note, OptumHealthBank charges a fee for checks.
- Online: Visit optumhealthbank.com to quickly and easily pay your provider bills online.

No matter which method you use to pay for your health care expenses, be sure to keep your receipts with your other tax records. You'll need them at tax time, and the IRS may ask you to substantiate your eligible health care expenses.

Managing your HSA

You can manage your HSA online 24/7. Log on to myuhc.com or optumhealthbank.com and use a variety of self-service features, including:

- View contributions and transfer funds
- Check your current balance and view monthly statements
- Pay your bills online
- And more

In addition, OptumHealthBank customer service representatives can assist you Monday through Friday, 5 a.m. to 4 p.m. Pacific Time. Call (800) 791-9361 and press zero to be connected to a customer service representative.

More information on your HSA

- After you open your HSA, OptumHealthBank will send you information about the three account options available, and you can change your option at any time.
- OptumHealthBank will initially place your funds in the Health eSaver HSA option.
- You can invest the money in your HSA in mutual funds, similar to many 401(k)s, if you maintain a minimum balance of \$2,000.
- In addition to monthly maintenance fees, other fees may be associated with the OptumHealthBank HSA options. Call OptumHealthBank Customer Service at (800) 791-9361 or go online to "Benefits and Policies" through HR Connection on Farmers Today.



A closer look: Flexible Spending Accounts

How the Health Care FSA works

If you enroll in Choice Plus, or waive medical coverage through Farmers, you can use a Health Care FSA to pay for eligible health care expenses – including medical, dental and vision expenses – with tax-free dollars. You can contribute from a minimum of \$10 per pay period to a total of \$5,000 in 2012.



How the Dental and Vision FSA works

If you enroll in the Choice Plus HSA, Choice Max HSA or Choice Premier HSA the IRS does not allow you to use a Health Care FSA in combination with your HSA, but you can set aside tax-free money in a Dental and Vision FSA.

Just like the name says, this FSA can be used for dental and vision expenses only. Expenses subject to your medical deductible, including prescription drugs, must be paid with money from your HSA. You can pay for your dental and vision expenses with money from either your Dental and Vision FSA or from your HSA – but not both.

The Dental and Vision FSA is subject to the same rules as the Health Care FSA, including the “use it or lose it” rule, so you’ll want to set aside just enough money to cover your 2012 eligible dental and vision expenses.

How the Dependent Care FSA works

If you have child care or elder care expenses, be sure to consider taking advantage of the Dependent Care FSA. In the same way that a Health Care FSA lets you set aside before-tax money for eligible health care expenses, you can use the Dependent Care FSA to set aside a minimum of \$10 per pay period, up to \$5,000 per year, in before-tax money for child care expenses while you and your spouse/domestic partner work or attend school full time.

Examples of eligible dependent care expenses include:

- Charges for day care centers for children or adults
- Babysitters
- Nursery school
- Before- and after-school programs
- Summer day camps

Important tax rules apply to the Dependent Care FSA. You can’t be reimbursed from your FSA for any expense that’s also covered by a tax credit on your federal tax return. Talk to your tax advisor to decide whether enrolling in a Dependent Care FSA or taking the Child Care Tax Credit is better for your financial situation.

Use it so you don’t lose it!

If you choose to use an FSA, remember to plan your contributions carefully. Due to IRS rules, you’ll forfeit any unused funds at the end of the year. Your expenses must be incurred during the plan year to be reimbursed from your FSA but you can submit claims for your qualifying 2012 expenses through April 30, 2013.

FSA

There’s more online

For a complete list of qualified health care and dependent care expenses, visit irs.gov or call (800) 829-3676. If you go online, click on “Forms and Publications” and then select IRS Publication 502 for health care expenses and IRS Publication 503 for dependent care expenses.

Employees like you

How do you pick the right plan? There's a lot to consider: your monthly contributions, deductibles, coinsurance, tax saving opportunities and more. Take a look at these examples of fictional Farmers employees to learn from their thought processes — and their math.

Meet Brian

Age: 44

Status: Looking for employee plus family coverage

Health snapshot: Healthy — but his son's asthma requires regular care.

Brian, his wife and teenage son have predictable health care expenses. As a family, they lead healthy lives by eating well and exercising often. Outside of regular checkups, Brian and his wife use minimal health care. However, their teenage son was born with a chronic condition and needs regular care. Brian also expects there may be a couple of unplanned trips to the doctor or emergency room in the year. To help cover their out-of-pocket costs, they use an HSA. Because of their lower medical contributions, they can afford to contribute more money into this tax-advantaged account.



For 2012, Brian estimates his family's medical expenses will come to \$1,800 (beyond preventive care). Here's what his math looks like for each of the plans.

Brian also contributes \$1,500 to his HSA. He can use the money to offset his deductible or save his funds for future use.

	Choice Plus HSA	Choice Max HSA	Choice Premier HSA	Choice Plus*
Brian's 2012 payroll deductions for employee plus family coverage	\$3,720	\$1,873.20	\$766.80	\$6,559.20
Pays toward deductible	\$1,800 of the \$2,500 deductible	\$1,800 of the \$4,000 deductible	\$1,800 of the \$5,600 deductible	\$1,200 of the \$1,200 deductible
Dollars in excess of deductible paid through coinsurance (Brian pays 20% and the plan pays 80%, up to the out-of-pocket maximum)	\$0	\$0	\$0	\$120 (20% of his remaining \$600 in expenses)
HSA dollars** (Farmers contribution)	-\$1000	-\$1,000	-\$1,000	N/A
Total Cost for Brian	\$4,520	\$2,673.20	\$1,566.80	\$7,879.20

*Under Choice Plus, prescription drugs are covered with copays and are not subject to the deductible. To simplify these examples, no prescription drug expenses were included.

**If Brian elects Choice Plus HSA, Choice Max HSA or Choice Premier HSA and contributes at least \$200 to an OptumHealthBank HSA through payroll deductions, Farmers will contribute \$1,000 to his HSA. Brian can contribute the money he's saving on his monthly contributions to further increase his HSA savings.

Meet Kevin

Age: 25

Status: Looking for employee coverage

Health snapshot: Healthy – uses minimal health care.

Kevin takes good care of himself. He eats a balanced diet and exercises regularly. He has no chronic conditions and does not take any regular medication. Aside from his annual physical and lab work, he rarely goes to the doctor. Because he doesn't need a lot of health care, he doesn't want to pay for coverage he's not going to use.

Kevin keeps a tight budget and wants to keep his payroll contributions as low as possible. But he also wants to protect himself in case something unexpected happens. He could consider putting the money he saves from lower contributions into the HSA, which he can use as a health emergency fund if he needs it in the future.

For 2012, Kevin estimates his medical expenses will be no more than \$200 (beyond preventive care). Here's what his math looks like for each of the plans.

Kevin also makes a \$500 contribution to his HSA. He can use the money to offset his deductible or save his funds for future use.



	Choice Plus HSA	Choice Max HSA	Choice Premier HSA	Choice Plus*
Kevin's 2012 payroll deductions for employee coverage	\$1,227.60	\$630.00	\$219.60	\$2,100
Pays toward deductible	\$200 of the \$1,250 deductible	\$200 of the \$2,000 deductible	\$200 of the \$2,800 deductible	\$200 of the \$600 deductible
Dollars in excess of deductible paid through coinsurance (Kevin pays 20% and the plan pays 80%, up to the out-of-pocket maximum)	\$0	\$0	\$0	\$0
HSA dollars** (Farmers contribution)	– \$500	– \$500	– \$500	N/A
Total Cost for Kevin:	\$927.60	\$330	(\$80.40)	\$2,300

*Under Choice Plus, prescription drugs are covered with copays and are not subject to the deductible. To simplify these examples, no prescription drug expenses were included.

**If Kevin elects Choice Plus HSA, Choice Max HSA or Choice Premier HSA and contributes at least \$100 to an OptumHealthBank HSA through payroll deductions, Farmers will contribute \$500 to his HSA. Kevin can contribute the money he's saving on his monthly contributions to further increase his HSA savings.

Meet Rebecca

Age: 36

Status: Looking for employee plus child(ren) coverage

Health snapshot: Uses health care frequently for family needs.

Rebecca and her husband know that in a family of five, health care expenses can be hard to predict. Her husband has coverage through his employer but Rebecca covers the children under Farmers' plan. Having three active children under the age of 12 means injuries are not uncommon.

Rebecca wants to be prepared in case her family needs to make an unplanned trip to the doctor's office or the emergency room. To help cover unexpected costs, they use an HSA. Because of their lower medical contributions, they can afford to contribute money into this tax-advantaged account and use it as an emergency fund.

For 2012, Rebecca thinks her family's health care costs may reach \$4,000. Here's what her math looks like for each of the plans.

Rebecca also contributes \$3,000 to her HSA. She can use this money to offset her deductible and coinsurance or save her funds for future use.



	Choice Plus HSA*	Choice Max HSA	Choice Premier HSA	Choice Plus*
Rebecca's 2012 payroll deductions for employee plus child(ren) coverage	\$2,266.80	\$1,149.60	\$304.80	\$3,690
Pays toward deductible	\$2,500 of the \$2,500 deductible	\$4,000 of the \$4,000 deductible	\$4,000 of the \$5,600 deductible	\$1,200 of the \$1,200 deductible
Dollars in excess of deductible paid through coinsurance (Rebecca pays 20% and the plan pays 80%, up to the out-of-pocket maximum)	\$300 (20% of her remaining \$1,500 in expenses)	\$0	\$0	\$560 (20% of her remaining \$2,800 in expenses)
HSA dollars** (Farmers contribution)	-\$1,000	-\$1,000	-\$1,000	N/A
Total Cost for Rebecca:	\$4,066.80	\$4,149.60	\$3,304.80	\$5,450

*Under Choice Plus, prescription drugs are covered with copays and are not subject to the deductible. To simplify these examples, no prescription drug expenses were included.

**If Rebecca elects Choice Plus HSA, Choice Max HSA or Choice Premier HSA and contributes at least \$200 to an OptumHealthBank HSA through payroll deductions, Farmers will contribute \$1,000 to her HSA. Rebecca can contribute the money she's saving on her monthly contributions to further increase her HSA saving.

Meet Judy

Age: 61

Status: Looking for employee plus spouse coverage

Health snapshot: Fairly healthy, uses health care moderately

Judy and her husband are just a few years away from retirement, so she's been preparing by contributing as much as possible to her HSA. She likes the pretax savings opportunity available with the HSA, and she knows that these funds will be useful in her retirement years to help pay for her eligible expenses.



Judy and her husband are generally healthy. She has high blood pressure, but she receives regular care so her condition is well-managed. On top of her regular care, Judy thinks there might be only one or two trips to the doctor's office for allergies or other minor illnesses.

For 2012, Judy expects her medical expenses will come to \$2,700 (beyond preventive care). Here's what her math looks like for each of the plans.

Judy also contributes \$6,250 to her HSA (because she is over age 55, she takes advantage of the additional \$1,000 catch-up contribution). She can use this money to offset her deductible and coinsurance or save her funds for future use.

	Choice Plus HSA*	Choice Max HSA	Choice Premier HSA	Choice Plus*
Judy's 2012 payroll deductions for employee plus spouse coverage	\$2,587.20	\$1,312.80	\$529.20	\$4,434
Pays toward deductible	\$2,500 of the \$2,500 deductible	\$2,700 of the \$4,000 deductible	\$2,700 of the \$5,600 deductible	\$1,200 of the \$1,200 deductible
Dollars in excess of deductible paid through coinsurance (Judy pays 20% and the plan pays 80%, up to the out-of-pocket maximum)	\$40 (20% of her remaining \$200 in expenses)	\$0	\$0	\$300 (20% of her remaining \$1,500 in expenses)
HSA dollars** (Farmers contribution)	-\$1,000	-\$1,000	-\$1,000	N/A
Total Cost for Judy:	\$4,127.20	\$3,012.80	\$2,229.20	\$5,934

*Under Choice Plus, prescription drugs are covered with copays and are not subject to the deductible. To simplify these examples, no prescription drug expenses were included.

**If Judy elects Choice Plus HSA, Choice Max HSA or Choice Premier HSA and contributes at least \$200 to an OptumHealthBank HSA through payroll deductions, Farmers will contribute \$1,000 to her HSA. Judy can contribute the money she's saving on her monthly contributions to further increase her HSA savings.

As it turns out... Judy's husband needed surgery and physical therapy after he fell and dislocated his knee. This caused their 2012 health care expenses to rise to \$38,000. The out-of-pocket maximum under all three medical options protected them from paying the full cost of their large claims from their own pocket. Here's what their 2012 costs actually looked like.

	Choice Plus HSA	Choice Max HSA	Choice Premier HSA	Choice Plus*
Judy's 2012 payroll deductions for employee plus spouse coverage	\$2,587.20	\$1,312.80	\$529.20	\$4,434
Pays toward deductible	\$2,500 of the \$2,500 deductible	\$4,000 of the \$4,000 deductible	\$5,600 of the \$5,600 deductible	\$1,200 of the \$1,200 deductible
Dollars in excess of deductible paid through coinsurance (Judy pays 20% and the plan pays 80%, up to the out-of-pocket maximum)	\$ 2,500 in coinsurance, plus her deductible, puts Judy at the \$5,000 out-of-pocket maximum	\$4,000 in coinsurance, plus her deductible, puts Judy at the \$8,000 out-of-pocket maximum	\$5,600 in coinsurance, plus her deductible, puts Judy at the \$11,200 out-of-pocket maximum	\$1,200 in coinsurance, plus her deductible, puts Judy at the \$2,400 out-of-pocket maximum
HSA dollars** (Farmers contribution)	– \$1,000	– \$1,000	– \$1,000	N/A
Total Cost for Judy:	\$6,587.20	\$8,312.80	\$10,729.20	\$6,834

**Under Choice Plus, prescription drugs are covered with copays and are not subject to the deductible. To simplify these examples, no prescription drug expenses were included.*

***If Judy elects Choice Plus HSA, Choice Max HSA or Choice Premier HSA and contributes at least \$200 to an OptumHealthBank HSA through payroll deductions, Farmers will contribute \$1,000 to her HSA. Judy can contribute the money she's saving on her monthly contributions to further increase her HSA savings.*

Do the math

When you consider which medical option is right for you, remember that the monthly employee contribution is only a part of your health care costs. Your total health care expenses include your payroll contributions and your out-of-pocket health care expenses. The UHC Plan Cost Estimator can help you add up all of these considerations.

The UHC Plan Cost Estimator analyzes your unique needs – like your prescription drug costs, treatment for chronic conditions and any planned procedures – and compares what your health care expenses could be under each of the medical plan options. And, you can use the UHC Plan Cost Estimator to model contributions to your HSA and Health Care FSA to maximize your tax savings and manage your total out-of-pocket costs.

To access the UHC Plan Cost Estimator, go to myuhc.com and log in with “farmersins” as your username and password.



Don't forget to add your dollars

As you consider your health care costs for 2012, remember to take into account your Benefit Dollars, Wellness Dollars and HSA Dollars, which further offset the cost of your Farmers benefits.

HealthFirst

As part of our commitment to your health and well-being, we offer the HealthFirst program through UHC. With a comprehensive healthy lifestyle program, a 24/7 nurse line and disease management services, HealthFirst can help you reach your health goals.

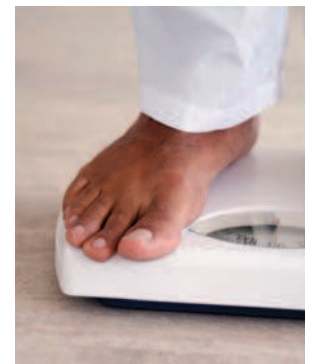
All of the HealthFirst offerings are free and confidential so there's nothing to lose – and everything to gain!

- **Healthy Lifestyles:** Healthy Lifestyles offers the encouragement, guidance and resources to help you and your family lead a healthier lifestyle. Start by completing an online health assessment to get a snapshot of your current health status and identify any potential health risks. Then, take advantage of resources like wellness coaching to quit smoking, manage your stress, lose weight and much more. Coaching is available online and by telephone, so you can choose the kind of support that works best for you.
- **NurseLine:** NurseLine is available 24/7 to provide support for everyday health issues and questions. When you call, you'll talk to a registered nurse who can help you treat minor injuries and illnesses, find the right care for your medical concern, prepare for your medical appointments and more. Just call (866) 553-8713.
- **Disease Management Resources:** Disease management resources, offered through UHC, can help you manage a chronic condition, such as diabetes, congestive heart failure, coronary artery disease or asthma. If your claims data indicates that you have a chronic condition, you may be invited to participate. Keep in mind, disease management is available only to those who participate in a Farmers' medical plan. Learn more about HealthFirst by calling (866) 553-8713 or visiting accesshealthfirst.com.

A HealthFirst success story

Although Greg was working out three times a week, he wasn't losing any weight and his body mass index was moving quickly toward the overweight range. Frustrated, he quit exercising. But after learning about the Healthy Weight program, he decided to give weight loss one more try. His Wellness Coach helped him recognize that his habit of high calorie foods and stress eating was keeping him from losing weight. Then she helped him set realistic goals. With the support of his coach, Greg found activities and healthy foods he enjoyed and could stick with. His coach also encouraged him to join the Nutrition Program, which helped him incorporate a more balanced diet and methods to reduce stress eating into his daily routine.

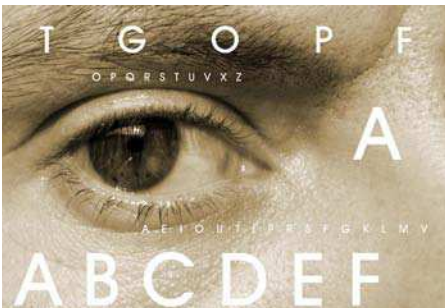
With the help and support from his Wellness Coaches, Greg is now in the best shape of his life and is more active than ever. He has energy and enthusiasm once again and is now taking up new sports like rock climbing. But his proudest achievement is now being able to keep up with his active wife and join her in her favorite sports.



Learn and earn with HealthFirst

Remember, participating in HealthFirst does more than help you lead a healthier life: you can also earn Wellness Dollars for participating. In 2012, you can earn up to \$200 in Wellness Dollars by completing designated healthy lifestyle programs through HealthFirst.

As always, any personal health information you share as a result of your participation in HealthFirst will remain completely confidential. Farmers and its vendors respect the privacy of your information, and your personal health information is further protected by compliance with the Health Insurance Portability and Accountability Act.



Vision

Take care of your eyes with vision coverage through Farmers. Farmers vision plan is administered by EyeMed. You can use any vision care provider but you'll pay less from your own pocket with an EyeMed provider. To find an EyeMed provider near you, visit eyemedvisioncare.com and choose the 'Select' network.

At a glance: Your vision coverage

	In-network	Out-of-network
Exams	\$10 copay, once every calendar year	\$50 allowance
Lenses	\$25 copay, once every calendar year	\$50 to \$75 allowance
Frames	\$0 copay with a \$150 retail allowance, once every two calendar years	\$70 allowance
Contact Lenses	\$0 copay with a \$150 retail allowance, once every calendar year instead of lenses	<ul style="list-style-type: none"> ▪ \$105 allowance for elective contact lenses ▪ \$210 allowance for necessary contact lenses

In addition to a higher benefit for a lower premium, the EyeMed plan offers you these extra discounts:

- Save 40% on all additional complete eyeglasses pair purchases (unlimited use)
- Save \$50 toward any non-prescription Ray-Ban sunglasses (only in 2012)
- Save an average of 15% on regular price services through Laser Vision Correction or 5% off promotional prices through the U.S. Laser Network

Dental

Good dental care plays an important part in your overall health. Take care of your teeth and gums with dental coverage through Farmers. You have a choice of two Aetna dental plan options: the Dental PPO and the Dental DMO. You can also enroll in the MetLife DMO if you live in California, Texas or Florida. The plans generally cover the same types of services, but how you access care and share costs differ. Here's how each plan works.

How the Dental PPO works

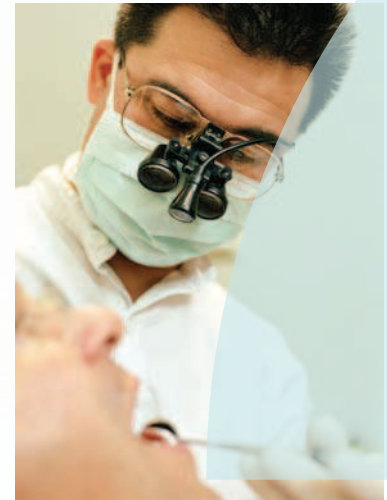
The Dental PPO offers coverage for a broad range of services with a low deductible, and your preventive dental care is covered at 100%. For other dental services, you'll share the cost with the plan by paying coinsurance. You can see any provider but you'll maximize your benefits when you see network providers.

How the Dental DMO and MetLife DMO work

The Dental DMO administered by Aetna is available to you if you live in most ZIP codes, and the MetLife DMO is available to you if you live within the DMO service areas in California, Texas or Florida. Both offer coverage for a broad range of services with no deductibles or annual maximums, and you'll pay a fixed copay for services other than diagnostic and some preventive dental care. If you're eligible for either DMO, it will be listed as an available option on your benefit enrollment screen.

Under the DMO options, you and each of your covered family members must choose a participating primary care dentist (PCD) for coverage. If you do not choose a PCD by contacting Aetna or MetLife, you will not be able to obtain dental services.

You can find an Aetna PCD by calling Aetna Customer Service at (877) 238-6200 or using the DocFind® tool at aetna.com/docfind. To find a MetLife PCD, visit metlife.com/mybenefits or call (800) 880-1800.



If you can't find your answer in Benefits and Policies e-mail or call the HRSC, they're standing by. (888) 599-3636 Mon-Fri 7A-6P CT, hr.service.center@farmersinsurance.com

At a glance: Your dental options

Copays or coinsurance amounts for some dental procedures may have changed for 2012 so please review your dental plan's schedule of benefits. You can find the schedule of dental benefits for each dental plan and for specifics on how procedures are paid for the dental plans on "Benefits & Policies."

	Dental PPO	Dental DMO (if available in your area)	MetLife DMO
Deductible	\$50 per person, up to \$100 per family	None	None
Annual plan maximum	\$1,500	None	None
Preventive services, such as cleanings and oral exams (up to two per calendar year)	Plan pays 100% (not subject to deductible)	\$3 to \$50 copay depending on the type of procedure	\$5 to \$35 copay depending on the type of procedure
Basic services, such as extractions and fillings	Plan pays 80% after deductible	\$5 office copay for all office visits plus fixed copay per service, ranging from \$3 to \$50 depending on the type of procedure	\$5 to \$80 copay, depending on the type of procedure***
Major services, such as crowns and bridges	Plan pays 50% after deductible	\$5 office copay for all office visits plus fixed copay per service, ranging from \$5 to \$350 depending on the type of procedure	\$10 to \$300 copay, depending on the type of procedure***
Orthodontia*	Plan pays 50% after deductible, up to a lifetime maximum of \$1,500**	Screening exam: \$30 Diagnostic records: \$150 Adolescent and adult: \$1,845 Orthodontic retention: \$275	Treatment of adolescent/adult dentition: \$725 Orthodontic treatment adolescent and adult: \$1,695 Orthodontic treatment plan and records: \$250; Orthodontic retention: \$250

* To be eligible for the orthodontia benefits in any of the dental options, the treatment must begin after the first day your dental coverage takes effect. This means if orthodontia treatment began in 2011 and you are initially enrolling for dental coverage as of January 1, 2012, the orthodontia benefit is excluded.

** The Dental PPO option provides orthodontia coverage only for eligible dependent children under the age of 26.

*** Refer to the schedule of benefits that can be found on "Benefits & Policies."

Life and disability

To help you protect your income in the event of an accident or injury, Farmers offers you short-term and long-term disability benefits, accidental death & dismemberment benefits, life insurance and business travel accident benefits.

Short-term disability benefits

Farmers pays the full cost of your short-term disability insurance, administered by Liberty Mutual. After seven consecutive calendar days of total disability (called the elimination period) your short-term disability payments will begin and may continue for up to an additional 25 weeks. During the elimination period, unless you elect to establish a reserve of unaccrued PTO days to be used when you return to work, you'll be paid through PTO. After the elimination period, short-term disability coverage will provide:

- 100% of your pay for the first five weeks*
- 85% of your pay for the next 11 weeks*
- 70% of your pay for the remaining nine weeks*

* Not to exceed \$25,000 per month.

Long-term disability benefits

Farmers pays the full cost of your long-term disability coverage, administered by Liberty Mutual. An employee is eligible for long-term disability after 90 days of employment. If you're partially or totally disabled for more than 26 weeks, long-term disability coverage will provide 60% of your pay, up to a monthly maximum of \$30,000.

Accidental death & dismemberment benefits

Accidental death & dismemberment (AD&D) coverage pays a benefit if you die or suffer serious injury as a result of a covered accident. You can buy AD&D coverage of one to six times your annual salary, up to a maximum of \$1.5 million, on a pretax basis for yourself and your family.

If you elect employee only coverage, AD&D benefits will be paid at 100% of the amount you selected. If you elect family coverage, AD&D benefits will be paid as follows:

- For you: 100% of the amount selected
- For your spouse/domestic partner if there are no children: 60% of the amount you selected (no maximum benefit)
- For your spouse/domestic partner if there are child(ren): 50% of the amount you selected for your spouse/domestic partner (no maximum benefit)
- For your child(ren) if there is a spouse/domestic partner: 15% of the amount you selected for each child, up to \$100,000
- For child(ren) if there is no spouse/domestic partner: 20% of the amount you selected for each child, up to \$100,000

Life insurance

Farmers pays for basic life insurance equal to your annual salary up to \$500,000.

You can use after-tax dollars to buy supplemental life insurance of one to six times your annual salary. Your cost of coverage will be based on your age and whether you have used tobacco products within the last 12 months. The maximum coverage, including your company-paid coverage, is \$3.5 million.

For your spouse/domestic partner

You can use after-tax dollars to buy life insurance coverage for your spouse/domestic partner. The amount of coverage depends on whether you elect supplemental life insurance coverage for yourself:

- Without supplemental coverage for yourself, you can purchase coverage equal to \$10,000 or \$25,000 for your spouse/domestic partner.
- With supplemental coverage for yourself, you can purchase coverage equal to \$10,000, \$25,000, \$50,000, \$75,000 or \$100,000 for your spouse/domestic partner, so long as the amount does not exceed the combined total of your basic and supplemental coverage.

If you elect coverage for you spouse or domestic partner, the cost will be based on his or her age and whether he or she has used tobacco products within the last 12 months. Evidence of insurability will be required for your spouse or domestic partner when applying for coverage greater than \$50,000.

For your children

You can use after-tax dollars to buy life insurance coverage for your eligible dependent children in the amount of \$10,000 or you can waive coverage. Evidence of Insurability is not required for Child Life.

Business travel accident benefits

Farmers pays the full cost of your business travel accident benefits. This coverage provides financial protection in case of your injury or death as a result of an accident while traveling on company business, excluding vacations and regular commutes to and from work. Depending on your injury, the benefit may be up to three times your annual salary to a maximum of \$500,000.



Evidence of insurability

As a new hire, you can elect supplemental life up to three times pay or \$1.5 million and spouse life up to \$50,000 without providing Evidence of Insurability or Proof of Good Health. Any subsequent increases to Supplemental or Spouse life after your new hire enrollment period is over will require Evidence of Insurability.

It's your responsibility to complete and submit evidence of insurability to the life insurance carrier and to ensure your application has been processed and approved. You will be contacted by the life insurance carrier if evidence of insurability is required. Your election will not become effective until your application has been approved. If approved, the effective date of coverage is the date of approval.

Reminder: Tobacco-free Discount

If you elect supplemental or spouse life insurance and the insured has not used tobacco products within the past year, you'll pay a lower rate than those who have used tobacco products.

Work/life balance

Paid Time Off

The amount of Paid Time Off (PTO) you receive each year is based on the following chart:

Completed years of service	PTO days accrued per year and month
1 – 4 years	19 days per year (1.58 days per month)
5 – 9 years	24 days per year (2 days per month)
10 – 19 years	29 days per year (2.41 days per month)
Over 20 years	34 days per year (2.83 days per month)

If you're a new hire or newly eligible for this benefit, you'll begin to accrue PTO the first of the month following the 90-day waiting period. PTO accrues from January through December. PTO is earned on the first work day of the month so long as you are in active employment status.

If you are a rehire, after completing the waiting period of 90 days, you will accrue PTO at the rate based on your total years of service. If hired or you become eligible for this benefit in the last months of the year, the 90 day waiting period and the prorated accrual will extend into the second calendar year of employment.

2012 holiday schedule

Holiday	Date observed
New Year's Day	Monday, January 2
Memorial Day	Monday, May 28
Independence Day	Wednesday, July 4
Labor Day	Monday, Sept. 3
Thanksgiving Day	Thursday, Nov. 22
Day after Thanksgiving	Friday, Nov. 23
Christmas Eve – Whole Day	Monday, Dec. 24
Christmas	Tuesday, Dec. 25
Floating Holiday	To be decided/determined*

** Each employee can arrange with his/her manager a day in 2012, which is available for use on date of hire (no waiting period required). Floating holiday must be scheduled as a full-day increment.*

If a holiday falls on a Saturday, the company will ordinarily observe the holiday on the preceding Friday. If a holiday falls on a Sunday, the company will ordinarily observe the holiday on the following Monday.

Got questions? Get answers.

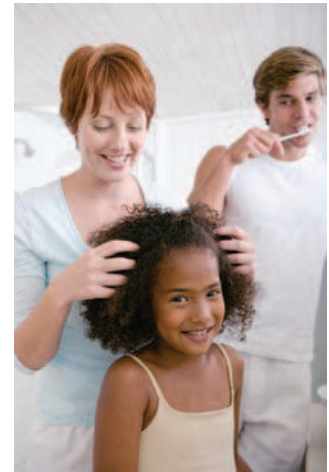
You can find most information about your 2012 benefits by reviewing this benefits guide. If you need more detailed information, you can find it by accessing "Benefits and Policies." Go to Farmers Today and log on to the GEMS Portal under HR Connection. Click on the "Employee Self Service" tab. Then, access "Benefits and Policies."

If, after checking online, you can't find the answer to your question, call the HR Service Center at (888) 599-3636 or send an e-mail to hr.service.center@farmersinsurance.com. The HR Service Center is available from 5 a.m. to 4 p.m. Pacific Time

Legal plan

Hyatt Legal Plans, a MetLife Company, offers you access to a nationwide network of attorneys. The plan provides coverage for attorney fees for routine legal matters, including:

- Will planning, living wills, trusts
- Civil litigation defense, consumer protection, real estate matters
- Purchase, sale or refinancing of your home
- Adoption, name change and premarital agreements
- Traffic ticket defense
- Debt collection defense, including identity theft defense
- Preparation of affidavits, powers of attorney, deeds, demand letters
- Document review



If you enroll within 30 days of your hire date, you'll pay for legal plan coverage with after-tax dollars at a rate of \$20.06 per month. For more information, or to enroll, call Hyatt Legal at (800) 821-6400 or visit legalplans.com, click on "Thinking About Enrolling" and enter password 1410105. You may also link to this site through GEMS – the benefit enrollment portal.

Adoption Assistance

Farmers provides an adoption benefit of up to \$4,000 for each legal adoption with a maximum of two adoptions per household. In addition, the adoption benefit provides up to two weeks of continuous paid leave (prorated based on part-time scheduled hours). The adoption benefit is available to all regular salaried employees who work 20 or more hours each week and who are the adopting parents. For more information on the adoption benefit, go to Farmers Today and log on to the GEMS portal. Click on "Employee Self Service" and then "Benefits and Policies."



Employee Assistance Program (EAP)

Farmers offers an Employee Assistance Program through United Behavioral Health to help you and your family manage work and personal life. The EAP includes up to six free face-to-face counseling sessions per person and information about many lifestyle issues. The EAP is a free, confidential service provided to all employees, their household members and eligible dependents. For questions about the Employee Assistance Program, call (800) 788-5614 or visit liveandworkwell.com (access code farmersins).

And there's more

In addition, Farmers also provides a number of benefits that will help meet other needs you and your family may have:

- Elder care services through the Employee Assistance Program
- Credit Union
- Tuition assistance

For more information about these benefits and programs, go to Farmers Today and log on to the GEMS portal through HR Connection. Click on the "Employee Self Service" tab. Then, access "Benefits and Policies."



Retirement

Farmers provides two valuable retirement benefit plans – the Farmers Group Inc. 401(k) Savings Plan (401 (k) Savings Plan) and the Farmers Group Inc. Employees' Pension Plan. Both plans are administered by Vanguard. These plans, as well as Social Security benefits and your personal savings, can help you build financial security for your retirement. Farmers and Vanguard have created a one-stop resource for all your retirement needs. You will soon receive a letter at your home address from Vanguard with a link to the Vanguard website. Please visit this website to enroll in the 401(k) Savings Plan, access plan rules, use investing tools, read frequently asked questions, and more.

Farmers Group, Inc. 401(k) Savings Plan

The Farmers Group, Inc. 401(k) Savings Plan is a defined contribution plan, administered by Vanguard.

Your contributions

The plan allows you to set aside 1% to 50% of your eligible pay, and for certain eligible employees, 1% to 85% of your Short Term Incentive Plan (STIP) or Sales Incentive Plan (SIP) award. Contributions can be made on a pretax basis, a Roth after-tax basis, or a combination of both, up to the IRS maximum (indexed each year). The maximum contribution for 2012 is \$17,000. Check irs.gov for more information on 2012 maximum contributions.

If you will be age 50 or older in 2012 and contribute the maximum allowed, you can make additional contributions to the plan on a pretax or Roth after-tax basis. This additional amount is allowed as a catch-up contribution (indexed each year). The maximum catch-up contribution for 2012 is \$5,500, for a total contribution maximum of \$22,500 for 2012.

Company contributions

Farmers matches your contributions **dollar for dollar** up to the first 6% of earned base pay. You're **immediately vested** in your contributions and any contributions made by the company. To get the maximum company match, you should save at least 6% of your eligible pay.

Investments:

The 401(k) Savings Plan offers a lineup of investment funds with varying degrees of risk and return to allow you to create a diversified portfolio for your 401(k) savings. You decide how to invest your contributions in one or more of the available funds. When deciding how to invest your contributions, you should consider your tolerance for risk, the number of years until you retire, and your financial goals. Please keep in mind, you are responsible for any losses you may incur as a result of your investment instruction. You can review all of your investment options at vanguard.com/retirement-plans. The available investment options may change from time to time. You will be notified of any change in the investment lineup prior to the change.

Farmers Group, Inc. Employees' Pension Plan

The Pension Plan is a company-provided cash balance pension plan. This plan provides an important foundation for retirement income and is entirely funded by the company. You are enrolled automatically in the plan as of your date of hire and you become vested in the plan benefits after three years of service.

How your benefit grows

Your cash balance account grows each quarter with two types of company contributions:

- Pay credits, and
- Interest credits

The pay credit is a percentage of your eligible quarterly pay and increases with age and service. The benefit is integrated with Social Security so if you earn over the Social Security Taxable Wage Base, you will receive an additional pay credit for your pay over the Wage Base.

How your pay is determined

To find out how much your quarterly pay credit is, first add your age and your years of service as of January 1. Find that number in the first column in the table below and then follow the row to find the percentage of quarterly earnings that Farmers will contribute to your account. Additionally, each quarter you receive interest on your account balance. The minimum interest credit earned is 5%.

Determination of quarterly pay credit			
Your age plus continuous service at January 1	For earnings paid during the calendar quarter up to the Social Security Taxable Wage Base*	Plus	For earnings paid during the calendar quarter over the Social Security Taxable Wage Base*
0 - 39	2.50%	+	3.50%
40 - 49	3.25%	+	4.50%
50 - 59	4.00%	+	5.50%
60 - 69	5.00%	+	7.00%
70 - 79	6.00%	+	8.50%
80+	7.50%	+	10.00%

* For 2012, the Social Security Taxable Wage base is \$110,100.

How to view your account balance

Once you receive your first pay credit, you will be able to view your account at vanguard.com. If you are a participant in the Farmers Group, Inc. 401(k) Savings Plan, you will receive quarterly statements that also show both your Pension Plan account balance and your 401(K) account balance.

When you can receive your benefit

While you're eligible to begin receiving contributions to your Pension Plan as of your hire date, you must have three years of service to be vested in the Plan. Your vested account is available to you at age 55 with 5 years of service or age 65. This means that once you terminate from the company and are age 55 or older with at least five years of service, you can either receive your benefit as a monthly annuity or a lump sum. If you take a lump sum, you can roll your account balance over to another qualified plan or IRA. For details on retirement rules and payment options from the plan, go to vanguard.com.

Single retirement resource

As administrator for both the Farmers Group, Inc. 401(k) Savings Plan and the Pension Plan, Vanguard is your one-stop retirement resource. Be sure to visit to vanguard.com/retirementplans for your retirement planning needs, including:

- Enrolling or changing your savings plan deferral percentage
- Viewing your savings plan balance and pension plan benefit
- Changing your savings plan deferral percentage
- Estimating your pension benefit at retirement
- Viewing electronic statements and confirmations
- Updating your beneficiary designations
- And much more

Many account details such as account balance or current investment selections can be accessed using Vanguard's automated system, which is available 24 hours a day, seven days a week at (800)523-1188. Participant Services Associates are available Monday-Friday, from 7:30 a.m. to 8:00 p.m. Central Time.

Tools you can use

Vanguard offers a variety of calculators to help you plan for retirement and make the most of your retirement savings opportunities. To access the calculators, go to vanguard.com, click on "Other sites." Select "Retirement Plans" and then choose "Starting to save." From there, click on "Complete toolbox."

In addition to the online calculators, Vanguard also offers you the following tools as a Farmers 401(k) Savings Plan participant:

- **Personal On line Advisor:** Need help with retirement planning and investment advice? This online tool, powered by Financial Engines, is customized to show Farmers' savings and retirement benefits. Loaded with your Farmers' 401(k) Savings Plan balance and other information, the tool can help guide your retirement planning and provide investment advice based on your personal financial goals. Once you have enrolled in the Farmers 401(k) Savings Plan, you will be able to access Personal On line Advisor at vanguard.com/retirementplan.
- **Automatic annual increase:** Increase your retirement savings – 1 percent at a time. You can automatically increase your Farmers 401(k) Savings Plan contribution rate by 1 percent effective every April or whatever month you designate. You can elect to participate in the automatic annual increase when you enroll in the Farmers 401(k) Savings Plan or at any time during the year.

Contact information

If you have questions about your Farmers benefits or about Annual Enrollment, go online to “Benefits and Policies” through HR Connection on Farmer’s Today. If you can’t find your answer, call the HR Service Center at (888) 599-3636. For more specific information, use this list to find the right contact.

For questions about...	Contact...
Medical Benefits	UHC ☎ (800) 752-7451 💻 myuhc.com (Plan Cost Estimator username and password: farmersins)
Prescription Drug Benefits	Medco ☎ (800) 987-5248 (members) or (877) 722-6279 (non-members) 💻 medco.com
HealthFirst, including NurseLine	UHC/OptumHealth ☎ (866) 553-8713 💻 accesshealthfirst.com
Dental Benefits	Aetna ☎ (877) 238-6200 💻 aetna.com MetLife ☎ (800) 880-1800 💻 metlife.com/mybenefits
Vision Benefits	EyeMed ☎ (866) 299-1358 (annual enrollment) or (866) 723-0514 (members) 💻 eyemedvisioncare.com
Health Savings Accounts	OptumHealthBank ☎ (800) 791-9361 💻 optumhealthbank.com or myuhc.com
Flexible Spending Accounts	Wells Fargo ☎ (800) 503-9098 💻 benefitpaymentsystem.com
Short-Term Disability	Liberty Mutual ☎ (800) 793-2797 💻 mylibertyclaim.com to file a claim 💻 mylibertyclaimstatus.com for claim status
Long-Term Disability	Liberty Mutual ☎ (800) 793-2797 💻 mylibertyclaim.com to file a claim 💻 mylibertyclaimstatus.com for claim status
Life Insurance	HR Service Center ☎ (888) 599-3636 ☎ (888) 257-0412 (Prudential) for evidence of insurability 💻 hr.service.center@farmersinsurance.com
AD&D and Business Travel Insurance	HR Service Center ☎ (888) 599-3636 💻 hr.service.center@farmersinsurance.com
Farmers Group, Inc. 401(k) Savings Plan	Vanguard ☎ (800) 523-1188 💻 vanguard.com
Farmers Group, Inc. Employees’ Pension Plan	Vanguard ☎ (800) 523-1188 💻 vanguard.com
Legal Plan	Hyatt Legal ☎ (800) 821-6400 💻 legalplans.com
Employee Assistance Program	United Behavioral Health/UHC ☎ (800) 788-5614 💻 liveandworkwell.com (access code: farmersins)

Glossary

Benefit Dollars: Additional income provided by Farmers to offset the total cost of your benefit elections. Benefit dollars will be paid to you in your regular paychecks.

Coinsurance: The percentage of the bill you pay after you meet the deductible.

Copay: A set fee you pay for prescription drug purchases under Choice Plus.

Deductible: The amount of out-of-pocket expenses you pay before the plan begins to pay benefits for covered services.

Dental and Vision FSA: A Flexible Spending Account (FSA) that can be used in combination with a High Deductible Health Plan to pay for eligible dental and vision expenses only.

Flexible Spending Account (FSA): A financial account that allows you to set aside pretax money to use on expected health care expenses or dependent day-care expenses incurred during the plan year.

Generic drugs: Drugs that are chemically identical to brand-name drugs in dosage form, safety, strength and quality and they cost significantly less.

Health Savings Account (HSA): A special savings account available to High Deductible Health Plan participants only. Participants contribute pretax dollars to pay for eligible health care expenses. HSA money earns interest, and any unused HSA money rolls over from year to year.

High Deductible Health Plan (HDHP): A type of health plan that has lower paycheck contributions and a high deductible and out-of-pocket maximum. This type of plan is compatible with a Health Savings Account.

HSA dollars: The organization's contribution to your HSA if you make the minimum contribution through payroll deductions to an existing or a new OptumHealthBank HSA.

In-network: A provider or facility that has contracted with UHC to provide services at negotiated rates.

Long-term disability plan: An insurance plan that provides income-replacement benefits for disabilities that continue beyond 26 weeks.

Non-preferred brand-name drugs: Non-preferred brand-name drugs are not considered preferred because there are less expensive drugs with similar efficacies.

Out-of-network: A provider or facility that has not contracted with UHC to provide services at negotiated rates.

Payroll deductions: The amount you pay out of your paycheck for your chosen Farmers benefits.

Plan Cost Estimator: UHC's online tool that can help you determine the best medical plan option for you and your family based on your estimated out-of-pocket costs (contributions and expenses) for each option by comparing plan costs and features. To log in, go to myuhc.com and enter "farmersins" as both the username and password.

Preferred drugs: Preferred drugs are either generic or brand-name drugs that are preferred by the plan because they are safe, effective alternatives to other generics or brands that may be more expensive.

Reasonable and Customary: Reasonable and customary charges apply to non-network covered services and mental health/substance abuse non-network benefits. The charges made by a physician, surgeon or supplier of services, medicines or supplies that does not exceed the general level of charges made by others rendering or furnishing like services, medicines or supplies, within the geographic areas in which the charge is incurred.

Short-term disability plan: A short-term plan that helps ensure that income and benefits continue when you are disabled for more than five continuous work days due to injury or illness.

Total Rewards: A comprehensive compensation and benefits program that rewards you for performance, and gives you and your family a flexible package of benefits to choose from to meet your ever-changing lifestyle needs.

Total Rewards Dollars: Additional income provided by Farmers that you can spend in a way that best meets your needs. Total Rewards Dollars consist of Benefit Dollars, Wellness Dollars and HSA Dollars.

Wellness Dollars: Additional income you can earn when you complete designated HealthFirst activities. Wellness Dollars are paid through payroll as soon as administratively possible following completion of an activity.

Important notices

Important Notice from Farmers About Your Prescription Drug Coverage and Medicare Notice of Creditable Coverage

If you or your family members aren't currently covered by Medicare and won't become covered by Medicare in the next 12 months, this notice doesn't apply to you.

Please read this notice carefully and keep it where you can find it. This notice has information about your current prescription drug coverage with Farmers Medical Plan and Farmers Retiree Medical Plan and about your options under Medicare's prescription drug coverage. This information can help you decide whether or not you want to join a Medicare drug plan. If you are considering joining, you should compare your current coverage, including which drugs are covered at what cost, with the coverage and costs of the plans offering Medicare prescription drug coverage in your area. Information about where you can get help to make decisions about your prescription drug coverage is at the end of this notice.

There are two important things you need to know about your current coverage and Medicare's prescription drug coverage:

1. Medicare prescription drug coverage became available in 2006 to everyone with Medicare. You can get this coverage if you join a Medicare Prescription Drug Plan or join a Medicare Advantage Plan (like an HMO or PPO) that offers prescription drug coverage. All Medicare drug plans provide at least a standard level of coverage set by Medicare. Some plans may also offer more coverage for a higher monthly premium.
2. Farmers has determined that the prescription drug coverage offered by the Farmers Medical Plan and Farmers Retiree Plan is, on average for all plan participants, expected to pay out as much as standard Medicare prescription drug coverage pays and is therefore considered Creditable Coverage. Because your existing coverage is Creditable Coverage, you can keep this coverage and not pay a higher premium (a penalty) if you later decide to join a Medicare drug plan.

When Can You Join A Medicare Drug Plan?

You can join a Medicare drug plan when you first become eligible for Medicare and each year from October 15th to December 7th. However, if you lose your current creditable prescription drug coverage, through no fault of your own, you will also be eligible for a two (2) month Special Enrollment Period (SEP) to join a Medicare drug plan.

What Happens To Your Current Coverage If You Decide to Join A Medicare Drug Plan?

If you decide to join a Medicare drug plan, you can also continue your current Farmers coverage.

- If you are a retiree and enroll in a Medicare prescription drug plan and the Farmers Medical Plan or Farmers Retiree Medical Plan, you and your dependents continue to be eligible for retiree benefits under the applicable Farmers plan. However, the Farmers plan will pay secondary to Medicare. You should also know that if you drop your Farmers retiree medical coverage and enroll in a Medicare prescription drug plan, you and your dependents will not be able to get the Farmers retiree medical coverage back in the future.
- If you are an active employee or family member of an active employee and enroll in a Medicare prescription drug plan, you may also continue your employer coverage. In this case, the employer plan will continue as it had before you enrolled in a Medicare prescription drug plan, paying either primary or secondary. If you waive or drop Farmers Medical Plan coverage, Medicare will be your only payer. You can reenroll in the employer plan at annual enrollment or if you have a special enrollment event for the Farmers Medical Plan.

In addition to prescription drugs, the Farmers Medical Plan and Farmers Retiree Medical Plan coverage provides other medical benefits. You will continue to be eligible to receive all of your current health and prescription drug benefits even if you choose to enroll in a Medicare prescription drug plan, as long as you don't drop your coverage with Farmers.

When Will You Pay A Higher Premium (Penalty) To Join A Medicare Drug Plan?

You should also know that if you drop or lose your current coverage with Farmers and don't join a Medicare drug plan within 63 continuous days after your current coverage ends, you may pay a higher premium (a penalty) to join a Medicare drug plan later.

If you go 63 continuous days or longer without creditable prescription drug coverage, your monthly premium may go up by at least 1% of the Medicare base beneficiary premium per month for every month that you did not have that coverage. For example, if you go nineteen months without creditable coverage, your premium may consistently be at least 19% higher than the Medicare base beneficiary premium. You may have to pay this higher premium (a penalty) as long as you have Medicare prescription drug coverage. In addition, you may have to wait until the following October to join.

For More Information About This Notice Or Your Current Prescription Drug Coverage...

For more information about this notice or your current prescription drug coverage, contact the HR Service Center at (888) 599-3636. NOTE: You may receive this notice at other times in the future – such as before the next period you can enroll in Medicare prescription drug coverage, if this Farmers coverage changes, or upon your request.

For More Information About Your Options Under Medicare Prescription Drug Coverage...

More detailed information about Medicare plans that offer prescription drug coverage is in the “Medicare & You” handbook. You'll get a copy of the handbook in the mail every year from Medicare. You may also be contacted directly by Medicare drug plans. For more information about Medicare prescription drug coverage:

- Visit www.medicare.gov
- Call your State Health Insurance Assistance Program (see the inside back cover of your copy of the “Medicare & You” handbook for their telephone number) for personalized help
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

If you have limited income and resources, extra help paying for Medicare prescription drug coverage is available. For information about this extra help, visit Social Security on the web at www.socialsecurity.gov, or call them at 1-800-772-1213 (TTY 1-800-325-0778).

Remember: Keep this Creditable Coverage notice. If you decide to join one of the Medicare drug plans, you may be required to provide a copy of this notice when you join to show whether or not you have maintained creditable coverage and, therefore, whether or not you are required to pay a higher premium (a penalty).

Date:	October 1, 2011
Name of Entity/Sender:	Farmers Group, Inc.
Contact-Position/Office:	4680 Wilshire Blvd.
Address:	Los Angeles, CA 90010
Phone Number:	(888) 599-3636 (HR Service Center)

Women’s Health and Cancer Rights Act

The Women’s Health and Cancer Rights Act is a federal law. It protects breast cancer patients who elect breast reconstruction due to a mastectomy. Health care plans must cover reconstructive surgery following a mastectomy, as determined in consultation with the attending physician and the patient.

Reconstructive benefits must include coverage for:

- Reconstruction of the breast on which the mastectomy has been performed,
- Surgery and reconstruction of the other breast to produce a symmetrical appearance, and
- Prosthesis and physical complications at all stages of mastectomy, including lymphedemas.

These benefits are subject to the Farmers Plan’s regular copayments and deductibles.

Medicaid and the Children’s Health Insurance Program (CHIP) offer free or low-cost health coverage to children and families

If you are eligible for health coverage from your employer, but are unable to afford the premiums, some states have premium assistance programs that can help pay for coverage.



















These states use funds from their Medicaid or CHIP programs to help people who are eligible for employer-sponsored health coverage, but need assistance in paying their health premiums.


If you or your dependents are already enrolled in Medicaid or CHIP and you live in a state listed below, you can contact your state Medicaid or CHIP office to find out if premium assistance is available.

If you or your dependents are not currently enrolled in Medicaid or CHIP, and you think you or any of your dependents might be eligible for either of these programs, you can contact your state Medicaid or CHIP office or dial **(877) KIDS NOW** or go to **insurekidsnow.gov** to find out how to apply. If you qualify, you can ask the state if it has a program that might help you pay the premiums for an employer-sponsored plan.

Once it is determined that you or your dependents are eligible for premium assistance under Medicaid or CHIP, your employer’s health plan is required to permit you and your dependents to enroll in the plan – as long as you and your dependents are eligible, but not already enrolled in the employer’s plan. This is called a “special enrollment” opportunity, and **you must request coverage within 60 days of being determined eligible for premium assistance.**

If you live in one of the following states, you may be eligible for assistance paying your employer health plan premiums. The following list of states is current as of January 31, 2011. You should contact your state for further information on eligibility.

ALABAMA – Medicaid  (800) 362-1504 medicaid.alabama.gov	COLORADO – Medicaid and CHIP  (800) 866-3513 (Medicaid)  (800) 221-3943 (Medicaid)  CHPplus.org (CHIP)  (303) 866-3243 (CHIP)  colorado.gov / (Medicaid)
ALASKA – Medicaid  (888) 318-8890 (Outside of Anchorage)  (907) 269-6529 (Anchorage)  health.hss.state.ak.us/dpa/programs/medicaid/	FLORIDA – Medicaid  (877)-357-3268  flmedicaidprecovery.com/
ARIZONA – CHIP  (877)-764-5437 (Outside of Maricopa County)  (602) 417-5437 (Maricopa County)  azahcccs.gov/applicants/default.aspx	GEORGIA – Medicaid  (800) 869-1150  dch.georgia.gov / (Click on Programs, then Medicaid)
CALIFORNIA – Medicaid  (866) 298-8443  dhcs.ca.gov/services/Pages/TPLRD_CAU_cont.aspx	

IDAHO – Medicaid and CHIP  (800) 926-2588 (Medicaid)  medicaid.idaho.gov  (800) 926-2588 (CHIP)  accesstohealthinsurance.idaho.gov	MONTANA – Medicaid  (800) 694-3084  medicaidprovider.hhs.mt.gov/clientpages/clientindex.shtml
INDIANA – Medicaid  (800) 889-9948  in.gov/fssa	NEBRASKA – Medicaid  (877) 255-3092  dhhs.ne.gov/med/medindex.htm
IOWA – Medicaid  (888) 346-9562  dhs.state.ia.us/hipp/	NEVADA – Medicaid  (800) 992-0900 (Medicaid)  dwss.nv.gov/ (Medicaid)
KANSAS – Medicaid  (800) 792-4884  khpa.ks.gov	NEW HAMPSHIRE – Medicaid  (603) 271-8183  dhhs.nh.gov/ombp/index.htm
KENTUCKY – Medicaid  (800) 635-2570  chfs.ky.gov/dms/default.htm	NEW JERSEY – Medicaid and CHIP  (800) 356-1561 (Medicaid)  state.nj.us/humanservices/dmahs/clients/medicaid/ (Medicaid)  (800) 701-0710 (CHIP)  njfamilycare.org/index.html (CHIP)
LOUISIANA – Medicaid  (888) 695-2447  la.hipp.dhh.louisiana.gov	
MAINE – Medicaid  (800) 572-3839  www.maine.gov/dhhs/OIAS/publicassistance/index.html	NEW YORK – Medicaid  (800) 541-2831  nyhealth.gov/health_care/medicaid/
MASSACHUSETTS – Medicaid and CHIP  (800)-462-1120  mass.gov/MassHealth	NORTH CAROLINA – Medicaid  (919) 855-4100  nc.gov
MINNESOTA – Medicaid  (800) 657-3739 (outside of Twin City area)  (651) 431-2670 (Twin City area)  dhs.state.mn.us/ (Click “Health Care” then “Medical Assistance”)	NORTH DAKOTA – Medicaid  (800) 755-2604  nd.gov/dhs/services/medicalserv/medicaid/
MISSOURI – Medicaid  (573) 751-2005  dss.mo.gov/mhd/participants/pages/hipp.htm	VERMONT – Medicaid  (800) 250-8427  greenmountaincare.org/
OKLAHOMA – Medicaid  (888) 365-3742  insureoklahoma.org	VIRGINIA – Medicaid and CHIP  (800) 432-5924 (Medicaid)  dmas.virginia.gov/rcp-HIPP.htm (Medicaid)  (866) 873-2647 (CHIP)  famis.org/ (CHIP)
OREGON – Medicaid and CHIP  (888) 564-9669  oregon.gov/OHA/OPHP/FHIAP/index.shtml	WASHINGTON – Medicaid  (800) 562-3022 ext. 15473  dshs.wa.gov/premiumpymt/Apply.shtml
PENNSYLVANIA – Medicaid  (800) 692-7462  dpw.state.pa.us/hipp	WEST VIRGINIA – Medicaid  (304) 558-1700  dhhr.wv.gov/bms/

RHODE ISLAND – Medicaid	WISCONSIN – Medicaid
☎ (401) 462-5300 💻 dhs.ri.gov	☎ (800) 362-3002 💻 badgercareplus.org/pubs/p-10095.htm
SOUTH CAROLINA – Medicaid	WYOMING – Medicaid
☎ (888) 549-0820 💻 scdhhs.gov	☎ (307) 777-7531 💻 health.wyo.gov/healthcarefin/index.html
TEXAS – Medicaid	
☎ (800) 440-0493 💻 gethiptexas.com/	
UTAH – Medicaid and CHIP	
☎ (866) 435-7414 💻 health.utah.gov/upp	

To see if any more states have added a premium assistance program since January 31, 2011, or for more information on special enrollment rights, you can contact either:

U.S. Department of Labor
Employee Benefits Security Administration
dol.gov/ebsa
(866) 444-EBSA (3272)

U.S. Department of Health and Human Services
Centers for Medicare & Medicaid Services
cms.hhs.gov
(877) 267-2323, Ext. 61565

2012 monthly employee payroll deductions

The charts on this page show your monthly payroll deduction for the benefit plans offered in 2012. Beginning with the first paycheck in January 2012, half of this amount will be deducted each pay period.

Medical, dental and vision coverage

	Employee only	Employee plus spouse (or domestic partner)	Employee plus child(ren)	Employee plus family
Medical				
UHC Choice Plus HSA	\$102.30	\$215.60	\$188.90	\$310.00
UHC Choice Max HSA	\$52.50	\$109.40	\$95.80	\$156.10
UHC Choice Premier HSA	18.30	\$44.10	\$25.40	\$63.90
UHC Choice Plus	\$175.00	\$369.50	\$307.50	\$546.60
Dental				
MetLife DMO	\$10.42	\$17.84	\$18.78	\$26.78
Dental PPO	\$45.50	\$99.90	\$86.20	\$145.10
Dental DMO	\$22.80	\$50.00	\$43.30	\$72.80
Vision				
EyeMed	\$7.38	\$11.34	\$14.70	\$16.08

Supplemental life insurance and dependent life insurance

Below are the monthly rates per \$1,000 of insurance, based on age as of January 1, 2012.

Employee's age (spouse's age for spouse life insurance)	Non-Smoker	Smoker*
Under 25	\$0.036	\$0.054
25—29	\$0.043	\$0.063
30—34	\$0.058	\$0.084
35—39	\$0.064	\$0.097
40—44	\$0.072	\$0.109
45—49	\$0.107	\$0.162
50—54	\$0.165	\$0.249
55—59	\$0.309	\$0.483
60—64	\$0.474	\$0.790
65—69	\$0.912	\$1.568
70 and over	\$1.478	\$2.541
Spouse life insurance: You may choose spouse life insurance in the amounts of \$10,000, \$25,000, \$50,000, \$75,000 or \$100,000 (only \$10,000 or \$25,000 if employee does not have supplemental life insurance).		
Child life insurance: Rate is \$0.86 per month regardless of how many children you cover under the plan. Coverage amount is \$10,000 per child.		
* Smoked or used tobacco products within the past year		

Accidental Death and Dismemberment (AD&D)

You may elect coverage from 1x to 6x your annual base salary, up to \$1.5 million of coverage.

Employee only	\$0.015 per \$1,000 of coverage
Employee and family	\$0.025 per \$1,000 of coverage



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