August 1, 2016

Dear <Name>,

This letter, with its attachments, describes recent actions taken by your JPB making possible an important and long needed enhancement and extension of sickness and disability benefits. Please review this information carefully and share it with your family. We hope you will receive it with enthusiasm.

For years, many Brotherhood members have suffered disabling sickness or injury which lasted for more than 12 months. Currently available Railroad Retirement and Supplemental Sickness benefits pay some benefits for a year but all benefits terminate after 12 months. This has left many members destitute, unable to pay bills or support families in times of greatest need.

Recent actions by your Executive Board and Joint Protective Board can end these tragedies. Several weeks ago, your JPB approved a plan specifically created to meet this need. It offers some benefits during the first year of disability but it pays significant, increased benefits for an entire second year. And the cost is minimal.

Although this is not a “union insurance plan” per se, BMWED and your ATSFF System Federation, together with the Burlington System Division and the Burlington Northern System Federation, have taken essential steps to help make it available with costs low and benefits high for years to come. The National Division and President Simpson have agreed to have BMWED constitute a “group” for plan purposes which reduces otherwise prohibitive costs. In addition, the National Division will facilitate timely payment by collecting and paying premiums via union dues. This will avoid inadvertent lapses and help keep costs down. As a practical matter, it will function like any other payroll deduction.

Acting on these steps and confident that most if not all members would want these benefits, your Executive Board and your Joint Protective Board recently voted to approve a plan in which every member will be enrolled in the plan automatically, with the provision that any member who wants to cancel his or her coverage can do so by easily, as described below.

As described in the attached materials, these crucial benefits are significant and the cost is minimal. The typical disabled member would receive $3,000 every month for the entire second year after other sickness benefits end. And before that, the member would receive $300 monthly from the fourth through the twelfth month paid in addition to his RRB and SSB benefits. The maximum benefit payable per disability period is $38,700, and unlike RRB and SSB, it is tax free and is not repaid.
For members generally making over $25 per hour, the cost is affordable for most if not all members: $24.95 per month for those 49 and under and $46.50 per month for older, more vulnerable members aged 50-59. This amounts to 15 and 29 cents per hour of regular time work. We hope that every member will want this vital coverage.

By October 1, 2016, this plan will hopefully be up and running. If you do nothing except read and save these documents, you will be automatically included in the plan coverage. We will add the modest cost described in the attached materials, to your dues which will be immediately paid to Aflac by the National Division offices. This should occur the second half of October, 2016. The union takes nothing.

Although members can cancel their coverage at any time, initially you have 60 days until September 30, 2016, to cancel. You can cancel your benefits by either an email to cancelmyplan@gmail.com, or by a toll free call to 1-888-690-1101. Please leave your name, address, phone number and email address with a brief message asking to have your coverage canceled.

We anticipate and hope that every member will take advantage of this extension of our sickness and disability benefits plans. Please share this information with your spouse if you have one. No-one expects prolonged disability due to sickness or injury, but when it occurs this plan will help make it more survivable for you and your family.

The benefit plan itself is offered by Aflac and underwritten by Continental American Insurance Company. The plan is between you and Aflac (underwritten by CAIC) and SafetyNet Resources, who will administer it and to whom questions should be addressed. SafetyNet Resources is a company that had to be formed to work with Aflac in developing and providing this unprecedented benefit coverage. The attached information from Russ Ingebritson provides details.

Sincerely,

Gary Marquart
General Chairman
ATSFF System Federation
August 1, 2016

Dear <Name>,

BMWED members are instinctively optimistic. They perform demanding work for long hours under the most difficult conditions, confident that disabling injury or sickness will spare them.

But that is not realistic as many families have discovered too late. Over the course of a career the odds of prolonged disability is significant and it comes with crushing financial burdens. And irrespective of cause or place, the effect on your ability to pay bills and support your family is the same.

These materials are offered in the alleviation of the distress and suffering experienced by too many members, caused by events that can happen to anyone, anytime, anyplace and for any reason. I offer them not as a lawyer—which I am in other circumstance. I am instead a witness to unacceptable suffering and despair affecting members.

*The Preamble to the BMWED By-laws provides, “The objectives of the Brotherhood are: 4) to alleviate distress and suffering caused by sickness and disability among our members.”*

BMWED has stood for collective security, safety and fairness since its founding in 1887, and generations of trackmen have enjoyed its many successes. In furtherance of the above-mentioned objective, in 1972, the union attained Supplemental Sickness Benefits which have since provided some income for injured or sick members for up to a year. But as helpful as they are, after 12 months these benefits terminate completely leaving the disabled member and his family without any means of support.

The “distress and suffering” of BMWED families facing the financial devastation of prolonged disability is unhappily reflected in the attached words of BMWED members and wives.

The need for relief is inescapable and it is here.

Recent actions taken by your system Executive Board and Joint Protective Board, culminating over four years of effort, assures every member easily afforded, extended and increased sickness and disability benefits crafted to meet the specific needs of BMWED members and their families. After years in the making, I hope that you and your spouse will carefully review these materials.

*“Meeting Members’ Needs Anew”*
A more detailed benefit plan outline is attached. But briefly, after receiving fully taxed and “repaid” SSB benefits for a year, the typical member would receive greatly increased benefits:

- $3,000 per month, tax-free, for the entire second year of disability;
- Additional benefits of $300 per month on top of SSB benefits from the fourth through the first twelve months of disability.

And the plan is priced to fit most budgets:

- Virtually all track workers earn more than $25 per hour.
- For members 49 and under, the monthly cost of these critical benefits is $24.95, or about 15 cents per hour.
- For those aged 50 and above it amounts to $46.50 per month, or about 29 cents per hour.

These high benefits and low cost are possible because of several unprecedented steps taken by your union:

- First, your national union constitutes a “group” which keeps costs low and provides other important advantages.
- Secondly, your system Executive Boards and Joint Protective Boards have voted to enroll every member in the plan automatically with the proviso that any member desiring to do so, can easily cancel it before it takes effect and before any premium is paid.
- Finally the union has made the timely payment of premiums easy and virtually invisible by collecting premiums via its dues structure.

The payment of these modest costs via union dues follows a statement by a BNSF official that, “… our Topeka payroll has been encouraging the Unions to administer through their Secretary/Treasurer. Several unions are doing so which means the Secretary/Treasurer is making the remittance to insurance carrier. There is no desire on the part of our Payroll group to open the door for such deductions.” This invitation precipitated the attached letter from General Counsel Bill Bon.

This payment process is for your convenience. It functions like traditional payroll slots which are ending. It prevents inadvertent missed payments caused by difficult travel schedules and keeps administrative costs low. Importantly, your union is taking nothing itself.

Attached to this letter are various submissions provided your system officers, Executive Boards and Joint Protective Boards as they considered these new benefit coverage. Please read them carefully as they did.

**HOW CAN I BE INCLUDED?**

You are included by doing nothing. You have been automatically enrolled in the plan subject to your right to cancel participation.
HOW DO I CANCEL MY COVERAGE?

Although every active member of your system is automatically enrolled at the beginning by virtue of your JPB’s actions, your participation in the Plan remains voluntary. We have provided several easy ways to cancel your participation in the Plan. We ask that you call or email us before September 30. You can cancel in the following ways:

• At this email address, cancelmyplan@gmail.com.
• A toll free number, 1-888-690-1101.
• Either way, simply leave your name, address, phone number or email address.
• We will confirm your cancellation to avoid mistakes.
• Your cancellation will occur before the effective date and before any premiums would be due and your net pay will remain whatever it would otherwise have been.
• You can also cancel your plan at any time, even after September 30th, in the same manner.
• Members refusing the Plan now will have the opportunity to enroll later. We will never slam the door on you!

We hope that this modest inconvenience is more than offset by helping to keep benefits high and costs low for those who want to participate.

If you simply do nothing as recommended:

• You will remain automatically enrolled in the benefit plan.
• The effective start date is October 1st.
• You will receive a Certificate and materials from Aflac confirming your benefits and providing relevant information.
• The first premium payment will be paid out of the second paycheck of October. It will be reflected in the dues section of your payroll stub.
• The union will transfer your premium to Aflac keeping the plan in force. This process designed for your convenience.

There are many important and beneficial terms set forth in the attached plan outline but the issue of pre-existing conditions deserves special mention. The company will not reduce or deny a claim for benefits for any disability that was diagnosed more than 12 months after the member’s effective date. See your plan Certificate for complete details.

Over the next months, I as well as system officers will be at local, regional and gang meetings continuing to explain the need, benefits and cost of these new and precedent-setting extended sickness and disability benefits. The initial enrollment process will be closed after this initial 60 days, except for newly eligible members.

We will also have a future website up for your easy reference and information.

Very truly yours,

Russell Ingebritson
For SafetyNet Resources
“The objectives of the Brotherhood are: 4) to alleviate distress and suffering caused by sickness and disability among our members.”

Images of Members’ “Distress and Suffering”

“We received this Aetna letter today stating that these benefits have been exhausted. Also, the RRB payment will be going down. What do we do?”

“Today we received papers that they are starting foreclosure proceedings on the house. Can you call and help us decide what to do. I’m not willing to lose the house . . . This has got to end somewhere.”

“I have fallen on very hard times . . . The railroad just said we are done with your care . . . My pay checks get garnished every week 33%. I am hardly surviving . . . If I send you my garnishment paperwork can you help request a hardship for me so I am not losing almost everything. I am at my whit’s end and do not know what to do.”

“. . . We just filled out a paper for food stamps. This will be the second time since I got hurt that I’ll have to go on (food stamps). . . the first time I was denied food stamps . . . I don’t make a dime. And we were able to get food stamps. And then when my wife got her job, they cut the food stamps back. They were giving us 50 bucks or like 46 bucks a month . . . And then they quit . . .”

“I let my storage unit go this morning so I do not have anything except my little hut, a bed and one fishing pole and a laptop. So I am pretty much in the hole . . . But I can survive . . . just help me save my jeep . . . I am going to lose what I have. I am in bad debt and cannot turn to anyone else.”

“(My husband) . . . has sold 2 boats for less than half their value. 4 pistols and 3 rifles . . . a coin collection. The 1991 Suburban to cover tires on the newer one. The last things we want to be worrying about is where we are going to live, how to place food on the table, or whether we have insurance for our children.”
“Russ, (your client) . . . is in a desperate situation . . . he has one last asset to sell which is a boat valued about $4500. I told him I thought he should try to dump it for $2500 if he can. Now is not a good time to sell boats . . .”

“Omg. I do not have a bank account . . . have lost a house 2 cars property everything cause of this wreck. My credit score is 250. No bank will take me . . . I owe cable power gas and electric.”

“I cannot ask my family for any more help, they are having rough times of their own and do not need to be supporting me.”

“I need to know how to get some money to survive until this is over with and I hope that is soon.”

I just talked with (a member’s landlord) . . . they are one year in arrears in their rent and owe $9,800. I talked to the landlord yesterday—a somewhat difficult character—he is upset because he isn’t getting paid . . .”

“I should have enough for a new phone card Friday. I will call Russ then.”

“My truck payments, cell phone payments, child support payments, and automobile insurance payments are all behind. I am currently living with my nephew as I wasn’t able to pay rent and had to move out of my house. My cellular bill is due today, and will get cut off. My automobile insurance has already been canceled and I am borrowing my brothers’ vehicle. I am about to lose my vehicle to repossession . . . I am $4000 to $5000 behind in bills and things I need to live such as food. Life has been extremely difficult . . . “

“. . . just a note to let you know that things have gotten pretty dire financially at our house. I have $20 in my wallet and $20 in the bank . . .”
BMWED EXTENDED DISABILITY INCOME PLAN OUTLINE

1. Important Features.
   a. Group based. To keep benefits high and cost low.
   b. All union members from ages 18 to 74 are eligible.
   c. 24 hour coverage. Includes injuries, sickness, and conditions both on and off job.
      Not limited to “off job injuries and sickness.”
   d. No “pre-existing disease exclusion after 12 months.
   e. Guaranteed issue during initial enrollment period.
   f. No medical exams. No health underwriting.
   g. Benefits paid from month 4 through month 24. (90 day elimination period)
   h. Benefits paid with after-tax dollars are tax-free, unlike SSB.
   i. No offsets, no liens, no reimbursements, no paybacks, no subrogation interests.
   j. Benefits are a collateral source benefit so member can recover wage losses in a
      liability claim.
   k. New hires have guaranteed enrollment when the participation levels are met.
   l. Same rates for men and women.
   m. A member’s rate will not increase simply because he/she attains a higher age.
   n. Must be full time, minimum 19 hours per week with a base annual pay of $9,000.
   o. Seasonal, temporary and retired members are not included.
   p. Premium waiver after 90 days of total disability up to full 24 months.
   q. Aflac provides a toll free number for service of claims and questions.
   r. Certificate of coverage will be provided to each member. Please see Certificate
      for actual policy provisions.

2. Benefits and Rates. (Classed by Earnings and Age at enrollment. Cost never changes.)
   a. Class I. $22.68 per hour or more. ( $3,946 per month if salaried by month.)
      i. Benefits.
         1. $300 per month from months 4 to 12, and,
         2. $3,000 per month from months 13 to month 24.
      ii. Premium for Ages 17-49.
         1. 15 cents per hour.
         2. $24.90 per month.
      iii. Premium for Ages 50-59.
         1. 29 cents per hour.
         2. $46.50 per month.
      iv. Premium for Ages 60-69.
1. 51 cents per hour.
2. $81.60 per month.

b. Class II. **$21.07 to $22.67 per hour.** ($3,666 to $3,945 if salaried by month.)
   
i. Benefits.
   1. $270 per month from months 4-12.
   2. $2,700 per month from months 13-24.
   
ii. Premium for Ages 17-49.
   1. 14 cents per hour.
   2. $22.41 per month.
   
iii. Premium for Ages 50-59.
   1. 26 cents per hour.
   2. $41.85 per month.
   
iv. Premium for Ages 60 to 69.
   1. 50 cents per hour.
   2. $73.44 per month.

c. Class III. **Less than $21.07 per hour.** Or less than $3,666 if salaried by month.
   
i. Benefits.
   1. $250 per month from months 4-12.
   2. $2,500 per month from months 13-24.
   
ii. Premium for Ages 17-49.
   1. 13 cents per hour.
   2. $20.75 per month.
   
iii. Premium for Ages 50-59.
   1. 24 cents per hour.
   2. $38.75 per month.
   
iv. Premium for Ages 60-69.
   1. 43 cents per hour.
   2. $68.00 per month.

   
a. Amounts as above.
   
b. Benefits applicable so long as the disability is caused by a covered injury or sickness and occurs while coverage is in force.
   
c. Subject to limitations and exclusions, pre-existing condition terms.
   
d. Single benefit for single disability irrespective of number of causes.
   
e. Has right to medical exam if appropriate.
   
f. Must be under care of doctor.
   
g. Benefits cease upon death.

4. Same or Related Conditions and Policy Requirements.
a. Separate periods of disability resulting from the same condition or a related condition will be paid if they are separated by 180 days or more.
   i. The 180 day separation period begins when:
      1. The member is released to work from prior disability.
      2. He is no longer disabled.
      3. He is no longer qualified to receive disability benefits.

b. After the 24 month benefit period, the member may continue his coverage if,
   i. He returns to work within 90 days after the benefit period ends.
   ii. Premium payments are made upon return to work.
   iii. The group policy is still in force upon return to work.

5. Unrelated Causes
   a. Member can get separate periods of disability and benefits resulting from unrelated causes if the member has returned to work at a full-time job for 14 consecutive days during which he is performing the material and substantial duties of that job.
   b. After the member has returned to full-time work for 14 days as above, a new disability benefit period will begin subject to a new elimination period. It will be in essence start a new policy period even though the member has already been paid full benefits for a prior unrelated injury, sickness or condition, whether work related or not. Same 24 hour coverage.

6. Pre-Existing Conditions
   a. Pre-existing condition is an illness, disease, infection, disorder, pregnancy, or injury that existed within the 12 months before the effective date of coverage.
   b. For a condition to be pre-existing:
      i. A doctor must have advised, diagnosed or treated the covered member,
      ii. Or symptoms existed that would ordinarily cause a prudent person to seek medical advice or treatment.
   c. We will not pay benefits for any disability resulting from or affected by a pre-existing condition if the disability was diagnosed within the 12-month period after the effective date of coverage. We will not reduce or deny a claim for benefits for any disability due to a pre-existing condition that was diagnosed more than 12 month after the effective date of coverage.

7. Pregnancy.
   a. No benefits will be paid within 9 months of the effective date of coverage for a disability due to pregnancy or childbirth.
   b. But disability due to complications of pregnancy will be covered to the same extent as any other covered sickness.
   c. After 9 months have passed from the date of effective coverage, disability benefits for childbirth will be payable.
i. But the maximum period of disability allowed for childbirth is 6 weeks for non-cesarean delivery and 8 weeks for cesarean delivery, less the elimination period, unless the disability continues beyond these time frames due to complications of pregnancy.

8. Limitations and exclusions
   a. We will not pay benefits whenever coverage provided by this plan is in violation of any U.S. economic or trade sanctions. If the coverage violates U.S. economic or trade sanctions, such coverage shall be null and void.
   b. We will not pay benefits whenever fraud is committed in making a claim under this coverage or any prior claim under any other Aflac coverage for which you received benefits that were not lawfully due and that fraudulently induced payment.
   c. We will not pay benefits for disability that is caused by or occurs as a result of:
      1. Any act of war, declared or undeclared; insurrection; rebellion; or act of participation in a riot.
      2. Actively serving in any of the armed forces, or units auxiliary thereto, including the National Guard or Reserve.
      3. An intentionally self-inflicted injury.
      4. A commission of a crime for which the Member has been convicted; we will not pay a benefit for any period of disability during which the Member is incarcerated.
      5. Travel in, or jumping or descent from any aircraft, except when a fare-paying passenger in a licensed passenger aircraft.
      6. Mental or Emotional Disorders without demonstrable organic disease.
      7. Loss of a professional license, occupational license, or certification.
      8. Having cosmetic surgery or other elective procedures that are not Medically Necessary.

Continental American Insurance Company (CAIC) is a wholly-owned subsidiary of Aflac Incorporated. CAIC underwrites group coverage but is not licensed to solicit business in New York, Guam, Puerto Rico, or the Virgin Islands.
May 4, 2016

Mr. Russell Ingebritson
Ingebritson & Associates, P.A.
7141 Amundson Avenue
Edina, MN 55439

Dear Mr. Ingebritson:

This is to further confirm our discussions and supplement our email exchange regarding the BMWED handling of insurance premium remittances, where affiliates adopt membership dues sufficient to cover group insurance coverage. There would be no variation from the normal course of dues check-off, save at the final distribution step.

The BMWE Division has three levels of operation: The National Division (the former international level of the pre-merger BMWE); intermediate bodies called System Federations or Divisions, and local unions. (BMWE is affiliated with the Teamster Rail Conference, but the IBT International has no role in collecting BMWED membership dues.) The System Federations/Divisions are autonomous labor organizations that set their own dues rates in accordance with their bylaws. To that rate they add the members’ dues obligation to the National Division, and to their local unions. That composite rate is communicated to the carriers, who are then obligated to carry out payroll deductions, and remit the dues, monthly.

Unlike some non-railroad unions where Locals receive dues and forward a per capita tax to their parent organization, BMWED dues are transmitted by the railroads to the National Division, where they are allocated in the required amounts into accounts held for the System Federations/Divisions and Locals. Insurance premiums will be handled as a fourth category of allocation, and will be sent to the insurer or its designated agent.

I hope that this describes the procedure with sufficient clarity. I stand ready to answer or seek answers to any questions that might arise.

Sincerely,

William A. Bon
General Counsel

WAB/ama/opeiu-42

cc: Mr. F. N. Simpson
    Mr. D. D. Joynt