

Compliance Protection Coverage

Protect Your Business from Section 125 Plan Tax Risks

Tax laws around Section 125 Plans are complex and often unclear. An IRS audit—even years later—can result in costly penalties, interest, and legal fees if your plan is non-compliant. **Procedant's Compliance Protection Coverage (CPC)** helps mitigate these risks by insuring against potential liabilities related to your plan's tax treatment.

CPC Coverage Highlights

- **Legal Defense:** Access to expert counsel for IRS challenges
- **Penalty & Interest Coverage:** Protection from IRS-assessed costs
- **3-Year Audit Window:** Aligned with IRS look-back period
- **Flexible Coverage Limits:** \$250K to \$1M
- **Optional Add-Ons:** Back tax and employee coverage available

*Stay compliant. Reduce risk.
Protect your bottom line.*

➔ Simple, Cost-Free, and Backed by Strength

Simple Enrollment: Join quickly and easily with just a single form—no complex setup required.

Zero Upfront Costs: Get started without any capital investment or initial fees.

Backed by Strength: Supported by an AM Best A-rated reinsurer for added confidence and security.

Profit Participation: Designed for Plan Administrators and Brokers to share in underwriting profits.

Tax-Efficient Structure: Benefit from a strategic approach to structuring programs with potential tax advantages.

Custom Program Design: Procedant simplifies the process of launching your own tailored captive insurance solution.

➔ Start Your Coverage Plan

Learn more about how CPC can safeguard your business.

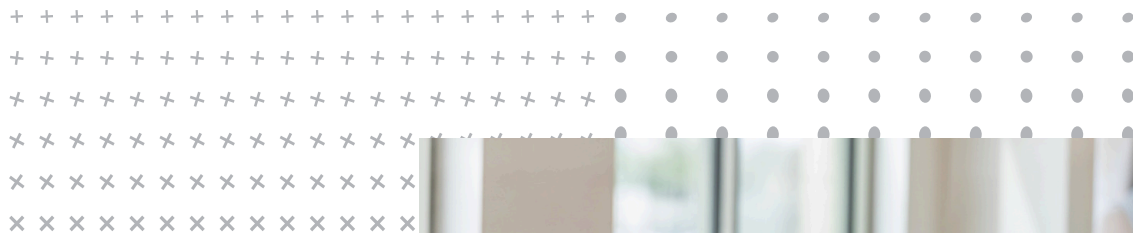


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CPC Frequently Asked Questions

WHAT IS PROCEDANT'S PROTECTED CELL CAPTIVE PROGRAM?

Let's face it—CPC coverage just isn't available through traditional carriers, and even if it were, it would come at a steep price. That's why Procedant has created a specialized Captive Program, giving employers access to A-rated commercial reinsurance that would otherwise be out of reach.

By joining the program, your business becomes part of our trusted framework through a straightforward Participation Agreement—no complexity, just smarter coverage

WHAT ARE THE RISKS?

Procedant has designed the CPC Program to work just like buying traditional insurance coverages:

- No risk sharing or zero deductible.
- Backed by an A-Rated reinsurer.
- Premium based on monthly employee census

HOW TO MOVE FORWARD?

Once the employer agrees they need Tax Audit protection:

1. Sign the Participation Agreement to join the program.
2. Procedant issues the CPC insurance policy.
3. Either the employer or the approved Plan Administrator must:
 - Provide monthly census data of Section 125 participating employees.
 - Pay the monthly insurance premium (details and logistics can be discussed).

EXPLAIN USING A POWER OF ATTORNEY

To participate, a signed Participation Agreement (PA) is required. Because our program operates under Tennessee law, the agreement must be signed within the State of Tennessee. To make this legally compliant and hassle-free, Procedant designates a trusted representative to act as your Power of Attorney (POA), who signs the agreement on your behalf in Tennessee.

This approach ensures full compliance with state requirements—without requiring any travel or administrative burden on your part. The use of a POA not only simplifies the process but also provides an important legal safeguard for participants.



WHO IS PROCEDANT?

Procedant is a specialized firm focused on delivering innovative insurance solutions to address employer compliance risk—especially around Section 125 tax audits. While you can always visit our website for a broad overview, we also have detailed marketing materials available upon request that explain our offerings, value proposition, and operational structure.

WHAT IS THE CPC PRIMARY POLICY?

The CPC Primary Policy is the actual insurance policy issued to the employer. It protects against tax audit liabilities under Section 125. It functions like any traditional insurance policy issued by a carrier—providing financial protection in exchange for premiums. While it's not immediately relevant during the employer's initial inquiry, it becomes important once coverage begins.

WHAT KIND OF AUDIT EXPOSURE DOES THIS POLICY COVER?

The Compliance Protection Policy covers Section 125 audit exposure. This includes financial protection against IRS penalties, interest, and legal costs tied to non-compliance with Cafeteria Plan rules—such as documentation issues, benefit misclassification, or discrimination testing failures. It ensures the employer is not left financially vulnerable in the event of an audit.



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