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BANKFIRST STORED VALUE SOLUTIONS - REVOLUTIONIZING WORKERS' COMPENSATION PAYMENTS

SIOUX FALLS, S.D. - BankFirst, a subsidiary of Marshall BankFirst Corp. and a leading provider of prepaid card programs, has teamed up with MasterCard International Incorporated and Metavante Corporation to provide a cost-effective alternative to paper checks for workers' compensation payments - prepaid cards.

"We are very excited about the Workers' Compensation arena," said John Barbella, Senior Vice President of BankFirst Stored Value Solutions. "Converting check payments to plastic will make the indemnity payment process far more efficient and considerably less expensive for insurance companies nationwide."

There are over 125 million workers covered by workers' compensation policies in the United States. In 2003, these policies resulted in wage replacement benefits of \$29.3 billion.¹ The accounting firm of Ernst & Young estimates that more than seven million indemnity payments are made annually. These payments are typically made using a check as the payment vehicle.

There are several challenges associated with the use of checks for these limited frequency payments:

1. Checks lost/stolen/late
2. Stop payment costs
3. Rush shipping fees
4. Under-banked recipients must pay check-cashing fees
5. Transaction cost: cost to issue and mail checks
6. Fraud

Prepaid cards offer a solution to these challenges and are a logical fit for insurers who are currently issuing almost one billion checks per year. If insurers are able to make payment processes more efficient, they stand to create significant bottom line improvement. Due to the recurring nature of workers' compensation lost wage payments, prepaid cards can save insurers approximately \$50 on every claim. "The short-term, recurring nature of workers' compensation indemnity payments

makes prepaid MasterCard® cards an ideal solution for the challenges presented by using checks”, according to Michael J. Ross, Vice President for Prepaid Products for MasterCard International Incorporated. “We have seen other industries greatly enhance their business processes by moving away from checks to prepaid cards. We are excited about a similar migration in workers’ compensation payments.”

A sample of the benefits that are derived by insurers moving in this direction:

1. **Efficiency** - Using ACH to fund the prepaid card will ensure timely processing of each payment while reducing the resources required in the existing check-issuing process.
2. **Financial** - Insurer will provide a prepaid card and eliminate the expense associated with repetitive check issuance. In addition, the insurers will share in the financial benefits derived from the use of a network branded prepaid card.
3. **Brand** - Network branded prepaid cards displaying the name of the insurance company will be used at the point of sale providing positive branding opportunities for the insurer.
4. **Tracking** - Workers’ compensation is an area where insurers are at risk with regard to fraud. The ability to track a prepaid card’s usage will reduce the time spent researching fraud.
5. **Reducing Theft or Loss** - Prepaid cards can be cancelled if reported lost or stolen.

BankFirst is exhibiting in Las Vegas at the 2007 Prepaid Card Expo, February 26-28. Stop by Booth #208 if you would like to learn more about this exciting shift in the payments industry.

About BankFirst: Marshall BankFirst Corp. is a \$600 million bank holding company which includes the resources of BankFirst (a Fed member bank), Marshall Bank, N.A. and The Marshall Group, an affiliate investment bank. The company’s business includes prepaid card programs, commercial lending and loan participations, residential mortgage products, and banking services.

BankFirst - “Changing the way America pays.”

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If you would like more information, please call 1.866.373.MBFC, email marketing@marshallbankfirst.com or visit our website at www.marshallbankfirst.com.

¹ Source: National Academy of Social Insurance

BankFirst; Member FDIC