



SAN RAFAEL
THE CITY WITH A MISSION

Agenda Item No: SM 1.a

Meeting Date: June 21, 2024

SAN RAFAEL CITY COUNCIL AGENDA REPORT

Department: City Manager's Office

Prepared by: Heather Davis,
Risk Manager

City Manager Approval: _____

TOPIC: LIABILITY CLAIMS ADMINISTRATION SERVICES

SUBJECT: AUTHORIZE THE CITY MANAGER TO EXECUTE AN AGREEMENT WITH GEORGE HILLS COMPANY FOR THE PROVISION OF THIRD-PARTY LIABILITY CLAIMS ADMINISTRATION SERVICES FOR A FIVE-YEAR PERIOD, IN AN AMOUNT NOT TO EXCEED \$574,000

RECOMMENDATION:

Authorize the City Manager to approve a five-year agreement with George Hills Company to provide third-party liability claims administration services in an amount not to exceed \$574,000.

BACKGROUND:

The City has historically contracted with a third-party administrator to manage claims adjustments, investigations, and other liability claims, as well as administrative functions for property damage and personal injury claims made by third parties against the City.

In 2001, after an extensive Request for Proposals (RFP) process to qualify, investigate, and interview candidates to administer the City's third-party liability claims, the City awarded a contract to George Hills Company, a long-established Northern California provider of third-party liability claims administration for public entities. Since then, George Hills has handled the City's liability claims from its Sonoma and Solano County offices. The claims have been handled efficiently, promptly, and at a reasonable cost.

The City's current agreement for services with George Hills Company is scheduled to expire on June 30, 2024.

FOR CITY CLERK ONLY

Council Meeting:

Disposition:

ANALYSIS:

City staff are satisfied with the services provided by George Hills Company. The City's account manager has actively and very successfully investigated and resolved third-party claims and diligently supported the City Attorney's Office in supervising litigation of those claims that have not been resolved at an early stage.

The proposed contract cost covers all claims administration services. It provides additional administrative services, including direct access to the company's claims data system, the provision of monthly reports and loss runs, assistance with audits, and filing of regulatory reports.

City staff has confidence in the company's ability to effectively manage the City's liability claims and recommends renewal of the company's contract for a five-year term.

FISCAL IMPACT:

The total cost of the current year contract is \$98,000. The total cost, including Administrative and Reporting Fees, would be \$574,000 over five years. The first-year costs are accounted for in the proposed FY 2024-25 budget as part of the City's general liability internal service fund. The table below contains a summary of the costs over the term of the agreement. However, there is a provision in the contract that allows the City the ability to terminate the contract with 90 days' notice.

Year:	<i>2024-25</i>	<i>2025-26</i>	<i>2026-27</i>	<i>2027-28</i>	<i>2028-29</i>
Cost:	\$101,500	\$105,000	\$109,000	\$113,500	\$117,500
Percent Increase:	3.6%	3.3%	3.6%	3.9%	3.5%

OPTIONS:

The City Council has the following options to consider on this matter:

1. Authorize contract as recommended by staff approving a five-year agreement.
2. Authorize contract with modifications.
3. Direct staff to return with more information.
4. Take no action.

RECOMMENDED ACTION:

Authorize the City Manager to approve a five-year agreement with George Hills Company to provide third-party liability claims administration services in an amount not to exceed \$574,000.

ATTACHMENTS:

1. July 1, 2024- June 30, 2029 Agreement for Claims Adjusting and Administration Services

CLAIMS ADJUSTING AND ADMINISTRATION
SERVICE CONTRACT BETWEEN
THE CITY OF SAN RAFAEL AND GEORGE HILLS COMPANY, INC.

Contractual Period: 2024-2029

This Contract is made, entered into, and shall be effective as of, this 1st day of July, 2024 by and between the CITY OF SAN RAFAEL, hereinafter referred to as "CLIENT," and GEORGE HILLS COMPANY, INC., hereinafter referred to as "GH."

GH is a California Corporation doing business as licensed, independent insurance adjusters and administrators, with John Chaquica, Chief Executive Officer, responsible for contract compliance, terms and corporate governance. Chris Shaffer, Chief Operating Officer, shall oversee the daily operations. The company's corporate office is located at P.O. Box 278, Rancho Cordova, California, 95741, telephone, (916) 859-4800.

The CLIENT is located at 1400 Fifth Avenue, San Rafael, CA 94901.

IT IS HEREBY AGREED by and between the parties signing this contract as follows:

1. GENERAL

CLIENT is desirous of availing itself of liability and property claims adjusting and administration services. GH is a Third-Party Claims Administrator handling self-insured claims and is ready to and capable of performing such services. As such, GH may act as a representative of the CLIENT when directed for the investigation, adjustment, processing, and evaluation of general liability claims or incidents filed by third parties against the CLIENT, or against parties for whom the CLIENT is alleged to be legally responsible, which are premised upon allegations of willful, intentional, negligent, or careless acts and/or omissions ("CLAIMS").

2. SCOPE OF SERVICES

GH agrees to provide complete claim handling services on each accident or incident, as directed by CLIENT. Each CLAIM will be subject to the Scope of Services and Client Expressed Authority and Limitations form, attached hereto as Attachment A. CLIENT shall determine the scope of services to be provided by GH by signing the Scope of Services and Client Expressed Authority and Limitations for each Contract. The Scope of Services and Client Expressed Authority and Limitations form shall be the controlling document for the scope of claims adjusting services to be provided by GH for CLIENT and may be amended as needed during the Contractual period. Changes to the Scope of Service to be provided by GH which do not effect or alter the compensation due under the terms of this Contract may be agreed to by informal memorandum. The duties, responsibilities, and agreements contain in Attachments A, B, C, D and are also incorporated into the Scope of Services as though fully set forth herein.

3. DENIAL, COMPROMISE, OR SETTLEMENT OF CLAIMS

It is agreed that CLIENT has granted no authority to GH for the purpose of compromising, settling, and paying any claims against CLIENT being handled by GH. GH will issue payment for legal expenses as defined in the Client Expressed Scope of Work form. Prior approval to compromise or settle any claim or pay any expense will be obtained from the designated claims officer or employee on matters exceeding the authority granted above.

4. FILE RETENTION

GH shall serve as the custodian of the client's data, for documents related to each of the claims subject to this agreement only, and as such shall electronically retain all related records through the life of this contract. Upon termination of this contract and following full payment of all compensation due, GH shall electronically transfer all data pertaining to all claims, either to the CLIENT or to a recipient designated by the CLIENT, within 30 days of termination and final payment. CLIENT and GH may agree via a separate signed agreement to retain records and/or data for a longer period of time, but in the absence of such separate agreement, GH will remove all data received, held, used, or stored in relation to George Hill's performance pursuant to this contract, from its system after 30 days from termination.

5. CONFIDENTIALITY

All data, documents, discussions, or other information developed or received by or for GH In performance of this Contract are confidential and not to be disclosed to any person except as authorized by CLIENT or CLIENT's designee, or as required by law.

6. CONFLICT OF INTEREST

In the event GH receives a claim from the CLIENT in which there arises a "conflict of interest," GH shall immediately notify CLIENT, and suggest handling instructions in the address of the conflict. CLIENT may then, at their expense choose to hire another well-qualified claim firm to handle that particular claim to a conclusion. GH covenants that it presently knows of no interest, direct or indirect, which would conflict in any manner with the performance of services required under this contract.

7. CLIENT RESPONSIBILITY

CLIENT agrees that it shall:

- 1) Collaborate with GH as reasonably necessary for GH to perform its services including establishing, drafting, and agreeing to a complete set of Claim Handling Instructions which provide direction and guidance related to the services.
- 2) Provide direction to GH as requested regarding particular project requirements.
- 3) Communicate any changes in expectations and/or in the event GH is not performing in an acceptable manner so GH can immediately address such changes and/or performance issues.
- 4) Identify a primary contact person(s) for the account as well as for billing and loss run submission. In addition, CLIENT shall be responsible for reporting all changes in the primary point of contact to GH. CLIENT shall identify an individual as the contact person for provision of and communications concerning Certificates of Insurance as required herein.
- 5) Be responsible for reporting to GH all Bodily Injury Claims in addition to all other items noted in Attachment B to this Contract "Medicare, Medicaid, and SCHIP Extension Act of 2007 (MMSEA)."
- 6) Be responsible for updating GH on any changes to coverage/policy language; including limits, retentions/deductibles and coverage changes before the start of each policy term.

- 7) Obtain any necessary consent in the collection of any CLIENT data that is transmitted to a third party (i.e., lawyer, actuary, or auditor). CLIENT shall provide GH with reasonable assurances that it has the necessary consent to transmit CLIENT data to a third party. CLIENT acknowledges that the claims data may contain confidential and/or protected health information (“PHI”). In the event CLIENT authorizes and directs GH to provide claims data to a third party, CLIENT will indemnify, defend and hold harmless GH from and against all claims, damages, losses and expenses, including court costs and reasonable attorneys’ fees, arising out of or resulting from:(i) any action against GH that is based on any negligent act or omission of CLIENT or a third party in transmitting and/or disclosing the PHI and/or claims data; or (ii) the violation of any state or federal statute, ordinance, or regulation by CLIENT or a third party in transmitting and/or disclosing the claims data.

8. COMPENSATION, FEES AND EXPENSES

The following compensation, fees and expenses, shall be paid in consideration for the services provided by GH as described in this Contract at Section 2 – Scope of Services. This Section shall remain in force and services provided during the entire term of this Contract, unless otherwise amended pursuant to Section 19 and/or 20 of this Contract.

The compensation to be paid pursuant to this Contract are comprised of three distinct categories:

- A: “Administrative Services”
- B: “Fees for Claim Adjusting Services”
- C: “Allocated Costs/Expenses”

The Fees and Costs/Expenses pursuant to subsections “A”, “B”, and “C” will be billed together monthly in a standard invoice format utilized by GH. Additionally, if the CLIENT elects any optional services identified subsections “F” or “G” below, all additional amounts will also be billed together monthly where applicable.

A. Administration Services

- 1) Annual Administration Fee: **\$5,000** which is billed annually at the beginning of the Contract period and thereafter upon the anniversary of the Contract.
- 2) MMSEA: There is a \$500 annual reporting fee, charged to support our contract with our service provider for reporting to CMS. This fee is billed annually at the beginning of the Contract period.
- 3) System Access Fee: Access to the claims management information system, “CMIS”, which includes the setup and management of up to five (5) “read only” user accounts. “Read/write” access to the system can be obtained for an additional fee.
- 4) iMetrics Report Fee: There will be no charge for our iMetrics business intelligence reports with executive in-person debriefs.

- 5) George Hills Client Portal: GH operates a client interface which is intended to provide the CLIENT with information regarding claims related and loss information. CLIENT will be provided with access for two (2) users at no additional cost.
- 6) Custom Reports: Additional charges for custom reporting shall be defined as, requiring a third-party programmer for three hours or more and is client specific.
- 7) Catastrophic Fees: GH recognizes that there are events that are unanticipated and/or catastrophic. When such events occur, it requires additional hours for the handling of such claims which could not be estimated or included in the Annual Fixed Fee calculation contained herein. As such, to preserve the quality and efficiency of service, when such an event is deemed to be catastrophic by any entity providing excess coverage, the California Department of Insurance, the Insurance Services Office, or any local, state, or federal government declares a State of Emergency in relation to the subject matter upon which the claim is based, or upon agreement of the CLIENT and GH, should any one event occur resulting in five or more claimants alleging loss out of the same designated event, or two or more claimants with their own attorneys, GH will bill the CLIENT on a time and expenses basis at the current hourly rate for all services. These claims will be identified for separate billing procedures and will not be counted in the claims frequency which serves as the underlying basis for the Fixed Fee calculation applicable for the next year in the contract period. Current hourly rates*:

Claims Supervisor:	\$131/hour*
Claims Adjuster:	\$105/hour*
Claims Processing:	\$86/hour*

- 8) Fixed Fee Annual Recalculation: GH reviews and analyzes the claims frequency annually. Within 30 days of the end of each 12-month period from the date the work under the contract is initiated, GH will provide notice to the CLIENT of the actual number of claims received for the preceding 12 months. If the claims frequency exceeds the base number of 60 by greater than 10%, GH will provide a new Annual Fixed Fee calculation based on the change in frequency. The new Annual Fixed Fee will begin on July 1st of the next year in the Contract term. If the frequency changes in an amount of 10% or less, there will be no change in the Annual Fixed Fee calculation.
- 9) Annual Fee Escalator: Notwithstanding any change in the Annual Fixed Fee recalculation, the Annual Fixed Fee and all hourly rates in this Contract shall be adjusted at the beginning of the second year of the term by the lesser of, 5% or in accordance with the changes in the Consumer Price Index (CPI-U) for all Urban Consumers for the Los Angeles Area using the annual percentage change published in the most recent month, but in any event such increase shall not be less than 3%.
- 10) General File: A general administrative file shall be established and maintained to track effort related to services necessary to fulfill our contractual obligations and not otherwise associated with a claim.

11) Paper Files: GH is prepared to take the lead to arrange for all services relating to conversion storage, copying, scanning, shipping, and disposal. GH will provide you a quote for any services related to storage, retrieval, copying, scanning, shipping, and disposal of paper files.

B. Fees for Claim Adjusting Services

1) Annual Fixed Fee In exchange for the services provided under this Contract by GH, CLIENT shall pay to GH the following Annual Fixed Fee(s).

Fixed Fee	
Year One July 1, 2024-2025	\$101,500
Year Two July 1, 2025-2026	\$105,000
Year Three July 1, 2026-2027	\$109,000
Year Four July 1, 2027-2028	\$113,500
Year Five July 1, 2028-2029	\$117,500

**All Fee options are subject to the Annual Fee Escalator described above.*

C. Allocated Costs/Expenses

GH will charge to the CLIENT both allocated and non-allocated costs and expenses incurred pursuant to this Contract as stated herein and defined further in Attachment D, "Allocated Expenses."

- 1) Mileage Reimbursement: Mileage traveled will be paid at the IRS rate in effect at the time the mileage is traveled. This section applies to mileage which can be allocated to a specific claim and also mileage which is not allocated to any claim, such as attendance at claim review, board and/or committee meetings requested or required by the CLIENT.
- 2) Adjuster Travel Expenses: GH will separately charge for any travel expenses in connection with attendance at mediations, settlement conferences, trials, etc. This will be subject to prior approval and actual expenses will be submitted with receipts on a monthly basis. This section applies to travel expenses which can be allocated to a specific claim and also travel expenses which are not allocated to any claim, such as attendant at claim review, board and/or committee meetings.

D. Payment Schedule

GH will submit its invoices to CLIENT, and payment shall be made by CLIENT, within a reasonable period of time, not to exceed thirty (30) days from the date of the invoice.

E. Electronic Funds Transfer Or Direct Deposit

GH has determined that the most efficient and secure default form of payment for goods and/or services provided under Contract with CLIENT shall be Electronic Funds Transfer (EFT) or

direct deposit, unless an alternative method of payment is deemed appropriate by both GH and CLIENT and agreed to in writing.

GH will submit a direct deposit authorization request via to CLIENT with banking and vendor information, and any other information that the CLIENT determines is reasonably necessary to process the payment and comply with all accounting, record keeping, and tax reporting requirements.

At any time during the duration of the Contract, GH may submit a written request for an exemption to this requirement. Such request must be based on specific legal, business or operational needs and GH will explain why the payment method designated by the CLIENT is not feasible and an alternative is necessary.

F. First Party Subrogation Services And Fees

GH is a claim administration firm experienced in the handling of first party subrogation claims and is ready and capable of performing such services on behalf of CLIENT. The fee for these services is 30% of the gross recovery. CLIENT elects to incorporate the Subrogation Services, as desired and as described more fully in Attachment A, Scope of Services and Client Expressed Authority and Limitations, Section (I)(K).

G. Optional Services

GH employs “in-house” attorneys which have vast experience in claims and litigation handling, problem resolution, issue identification and investigation, and advice and consultation, for all types of claims and issues which may arise for a public entity. Should the special circumstance arise whereby CLIENT requests additional services by a GH attorney, including those identified in the list below, the services will be provided on a time and expenses basis and at the rate of \$225.00 per hour, billed using 1/10th of an hour increments for each task performed on a claim or issue. The fees charged for these services will be in addition to any other compensation defined in this

- Litigation Management
- Monitoring Counsel
- Outside General and Special Counsel
- Trial/Mediation/Board Meeting Attendance
- Legal Training and Seminars

GH can also provide Professional and Financial Services related to risk management and loss prevention in alignment with the scope of services for the same rate referenced above.

NOTE: These services are traditionally Time and Expense, however an annual fee can be considered.

9. TERM AND TERMINATION

Term: The term of this contract shall be for five (5) years commencing on July 1, 2024 and remaining in full force and effect through and including June 30, 2029. Either party may terminate this contract for any reason upon issuing a ninety (90) day written notice to the other party pursuant to Section 18 of this Contract.

Termination for Convenience: CLIENT may at any time and for any reason terminate this Contract upon ninety (90) days written notice to GH pursuant to Section 20 of this Contract. Notice shall be deemed served on the date of mailing. Upon receipt of such notice, GH shall discontinue services at the end of the 90-day period in connection with the scope of services of this Contract. Upon such termination, GH shall be entitled to payment from CLIENT for services completed and provided through the date of termination, per Section 8.

Upon completion of data conversion and return of data back to CLIENT (electronic and/or hard copy), GH will destroy any remaining files.

10. FAIR EMPLOYMENT

It is the policy of GH to provide fair and equal treatment to all staff members. GH is an Equal Opportunity Employer and does not discriminate in any way against any person on the basis of age, race, sex, color, national origin, national ancestry, physical disability, medical condition, mental disability, religion, creed, marital status, sexual orientation, gender identification, gender expression, use of family care leave or any other classification deemed protected by law.

11. INDEPENDENT CONTRACTOR

In performing claims administrative services herein agreed upon, GH, and all GH employees, shall have the status of an independent contractor of the CLIENT and shall not be deemed to be an officer, employee, or agent of CLIENT.

12. INDEMNIFICATION

GH will defend, indemnify, and hold harmless CLIENT from and against all claims, demands, actions, or causes of action arising directly or indirectly from the negligent action, conduct, or failure to act by GH personnel ("Indemnity Event"), except that indemnity under this section does not apply with respect to any claim, demand, action, or cause of action arising out of the sole negligence or willful misconduct of the CLIENT. This right to indemnity shall not cover any claims in which there is a failure to give GH prompt and timely notice, within thirty (30) days of notice received by the CLIENT which implicates this provision, but only if and to the extent that such failure materially prejudices the defense of such claims. For an Indemnity Event, the maximum amount recoverable by CLIENT against GH for damages and costs (inclusive of attorneys' fees) is limited to the insurance policy limits, of the policy which covers the Indemnity Event held by GH, in place at the time of the Indemnity Event.

CLIENT will defend, indemnify, and hold harmless GH, and/or employees of GH, from and against all claims, demands, actions, or causes of action, which may arise, from the action, conduct, or failure to act by CLIENT. In any cases subject to this indemnity provision, wherein GH, or any employee of GH, is named in a filed or verified complaint simply by virtue of the fact it is the CLAIMS ADMINISTRATION firm, or an employee thereof, on a given claim, the CLIENT will defend GH, and/or its employees, at no cost to GH or its employees.

13. INSURANCE

GH shall obtain, keep and maintain insurance, and provide CLIENT with Certificates of Insurance duly executed by an authorized representative of insurance company or companies authorized to transact business in the State of California, which shall evidence that the GH has in full force and effect:

- 1) Commercial General Liability coverage applying to bodily injury, personal injury, and property damage with limits of \$1,000,000 per occurrence;
- 2) Professional Liability coverage with limits of \$3,000,000 per Claim/Annual Aggregate;
- 3) Workers' Compensation coverage with limits as required by California statutes and regulations; and waiver of subrogation for WC in favor of GH.
- 4) Fidelity Coverage for theft of CLIENT's property in the amount of \$1,000,000 per loss.
- 5) Cyber/Internet Liability coverage with limits of \$2,000,000.

GH shall include CLIENT as an additional insured under the Commercial General Liability insurance referenced above by endorsement or policy wording.

GH will provide thirty (30) days written notice, prior to the cancellation or reduction in insurance coverage will be provided.

During the on-boarding process, the CLIENT shall identify person or location for transmission of Certificates of Insurance.

14. EMPLOYEE SOLICITATION

During the period of this contract, and for a period of one (1) year thereafter, GH agrees not to solicit for employment any CLIENT employee contacted during the performance of this contract. During the period of this contract, and for a period of one (1) year thereafter, CLIENT agrees not to solicit for employment, or employ either directly or by contract, any employee of GH contacted by the CLIENT during the performance of this contract. In the event that CLIENT solicits an employee of George Hills who performed services on behalf of CLIENT pursuant to the Agreement, CLIENT agrees to pay a fee equal to one year of the employee's salary.

15. PERMITS, LICENSES, CERTIFICATES

GH, at GH's sole expense, shall obtain and maintain during the term of this Contract, all permits, licenses, and certificates required in connection with the performance of services under this Contract, including appropriate business license.

16. ARBITRATION

GH and CLIENT agree that in the event of any dispute with regard to the provisions of the Contract, the services rendered or the amount of GH's compensation and the dispute cannot be settled through informal negotiation, the parties agree first to try in good faith to settle the dispute by mediation before resorting to arbitration. The parties agree that any and all disputes, claims or controversies arising out of or relating to this Contract shall be submitted to JAMS, or its successor, for mediation, and if the matter is not resolved through mediation, then it shall be submitted to JAMS, or its successor, for final and binding arbitration. Either party may commence mediation by providing to JAMS and the other party a written request for mediation, setting forth the subject of the dispute and the relief requested. The parties will cooperate with JAMS and with one another in selecting a mediator from the JAMS panel of neutrals and in scheduling the mediation proceedings. The parties agree that they will participate in the mediation in good faith and that they will share equally in its costs. All offers, promises, conduct and statements, whether oral or written, made in the course of the mediation by any of the parties, their agents, employees, experts and attorneys, and by the mediator or any JAMS employees, are confidential, privileged and inadmissible for any

purpose, including impeachment, in any arbitration or other proceeding involving the parties, provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the mediation. Either party may initiate arbitration with respect to the matters submitted to mediation by filing a written demand for arbitration at any time following the initial mediation session. The mediation may continue after the commencement of arbitration if the parties so desire. Any arbitration arising out of or related to this Contract shall be conducted in accordance with the expedited procedures set forth in the JAMS Comprehensive Arbitration Rules and Procedures as those Rules exist on the effective date of this Contract, including Rules 16.1 and 16.2 of those Rules. In any arbitration arising out of or related to this Contract, the arbitrator shall award to the prevailing party, if any, the costs and attorneys' fees reasonably incurred by the prevailing party in connection with the arbitration.

17. FORCE MAJEURE CLAUSE.

GH shall be relieved of any liability if unable to meet the terms and conditions of this Contract due to any "Act of God", natural disasters such as earthquake or fires, floods, riots, epidemics, pandemics, including COVID-19 regulations or restrictions issued by federal, state or local governmental authorities, strikes, or any act or order which is beyond the control of GH, provided GH takes all reasonable steps practical and necessary to effect prompt resumption of its responsibilities hereunder.

18. NOTICES

All notices to GH shall be sent via electronic mail (preferred), or U.S. Mail, postage prepaid, to the following address:

GH

George Hills Company
Attn: John Chaquica, CEO
P.O. Box 278
Rancho Cordova, CA 95741
E-Mail: John.Chaquica@GeorgeHills.com

All notices to the CLIENT shall be personally served or mailed, postage prepaid, to the following address:

Client:

Robert F. Epstein
City of San Rafael
1400 Fifth Avenue
San Rafael, CA 94901
415-485-3080
rob.epstein@cityofsanrafael.org

This Section only, regarding Notices, may be amended unilaterally by either party by and through the communication of new or amended contact information to the other party via e-mail at any time. GH will provide a form to the CLIENT by which it may amend or update the information stated in this section.

19. AMENDMENT

GH and CLIENT agree that the terms and conditions of the Contract may be reviewed or modified at any time. Any modifications to this Contract, however, shall be effective only when agreed to in writing by both the CLIENT and GH, excepting only, modifications to the contact information to which Notices shall be sent under Section 18. Changes to the Scope of Service to be provided by GH which do not effect or alter the compensation due under the terms of this Contract may be agreed to by informal memorandum.

20. AMENDMENT DUE TO GOVERNMENTAL, POLITICAL, OR LEGISLATIVE CHANGES

GH and CLIENT agree that governmental, political, or legislative changes may impact the work of GH and CLIENT on behalf of CLIENT members. GH reserves the right, for the benefit of both parties, to require an amendment to any portion(s) of this Contract, expressly including the compensation, fees, and expenses stated in Section 8, in response to any change to, addition or deletion of any statute, rule, regulation, or policy which materially impacts the liability of public entities in California, damages for which public entities may become responsible, and/or the handling, administration, adjustment, payment, and/or reporting related to services performed under this Contract.

21. CONTRACTOR NOT A PUBLIC OFFICIAL

Neither GH, nor any employee of GH, is a "public official" for purposes of Government Code §§ 87200 et seq. GH conducts research and arrives at conclusions, provides advice, recommendation, or counsel independent of the control and direction of the CLIENT or any official of the CLIENT, other than normal contract monitoring. In addition, GH possesses no authority with respect to any CLIENT decision beyond these conclusions, advice, recommendation, or counsel.

22. ENTIRE CONTRACT

GH and CLIENT agree that this Contract constitutes the entire Contract of the parties regarding the subject matter described herein and supersedes all prior communications, contracts, and promises, either written or oral.

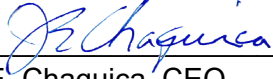

23. TIME OF ESSENCE

Time is of the essence in respect to all provisions of this Contract that specify a time for performance: provided, however that the foregoing shall not be construed to limit or deprive a party of the benefits of any grace or use period allowed in this Contract.

24. COUNTERPARTS

This Contract may be signed in counterparts, each of which is an original, and all of which together constitute this Contract

IN WITNESS WHEREOF the parties represent and warrant they each of them have read, understand, and negotiated the terms and conditions contained herein, and agree to be bound by all terms and conditions of this Contract as outlined in this document and all attachments and/or exhibits included herewith, which are fully incorporated into the Contract.

<p>Approved as to Content:</p> <hr/> <p>Cristine Alilovich, City Manager The City of San Rafael</p>	<p> _____ John E. Chaquica, CEO George Hills Company, Inc.</p>
	<p> _____ Chris Shaffer, COO George Hills Company, Inc.</p>

ATTACHMENT A

SCOPE OF SERVICES AND CLIENT EXPRESSED AUTHORITY AND LIMITATIONS UNDER THE CONTRACT

This Attachment A is intended to provide the Scope of Services referenced in Section 2 of the Contract and also the specific service expectations in the Contract, that would not otherwise require revision during the Contract period, and which may differ from, or elaborate upon, our Client Service Profile. Services to be provided by GH on behalf of CLIENTS may include some or all of the following,

I. SERVICES INCLUDED IN THE CONTRACT

A. General Administrative Services

Throughout each year GH performs numerous functions which support claims administration on behalf of the Client, but do not include any claims handling, and are performed by non-claims personnel. Additionally, in the first year of a new client there are several “on-boarding” services that are general and administrative in nature. Below is a list of such services which are included within the terms of this Contract:

- 1) Claims Management Information System (“CMIS”) Services and Reports
 - a. Access to CMIS and training.
 - b. A monthly listing of open claims, showing expense categories, reserves, and total incurred.
 - c. Monthly claim summary reports.
 - d. Monthly hours and claims data detail for billing.
 - e. Providing loss run data and required reports.
 - f. Access to GH Client Portal.
- 2) Providing annual reports to outside agencies.
- 3) Filing of regulatory reports (such as 1099, W-9, etc.).
- 4) Trust Account
 - a. Establish and maintain a trust account to pay indemnity and expenses that may be due on claims. The amount to be maintained in the trust account shall be determined by CLIENT.
 - b. If the trust account is set-up with the GH preferred bank—California Bank and Trust, GH covers the cost of Positive Pay and Payee Match.
 - c. If the CLIENT prefers an alternate bank, there may be an additional set-up fee (other banks processes can be extraordinarily time consuming).
 - d. New bank account set up (signature cards, test checks, online access, set up bank in CXP).
 - e. Discussion and agreement on the approval process.
 - f. Preparation of W-9.
 - g. Process checks weekly.
 - h. Submit positive pay if applicable/monitor positive pay (review daily emails from bank for exceptions).
 - i. Maintain a copy of all checks drawn by GH to pay claims and claims related expenses.
 - j. Submit monthly check registers of all transactions made for the period.

- k. Monitor account balance and prepare replenishment requests monthly. Where replenishment of the account is required more than once per month, an additional administration fee may be required.
 - l. Monthly bank reconciliation (prepared and sent to CLIENT).
 - m. Payment of invoices that are pass-throughs (i.e., invoices for medical record copies, ExamWorks, etc.).
 - n. Respond to special funding requests arising out of the settlement of a claim or case and funding thresholds as defined in the Claim Handling Instructions. In the event that more than two special funding requests are required in a month, an additional fee will apply.
- 5) Certificates of insurance as required by the Contract.
 - 6) Annual Service
 - a. Respond to outside financial auditors.
 - b. Provide reports to CLIENT actuaries and claims auditors
 - c. Submit GH SSAE 16 reports, or the current equivalent.
 - d. Providing annual reports to outside agencies.
 - e. Filing of regulatory reports such as 1099, W-9, etc.
 - 7) Account Management

B. Investigative Services

- 1) Receipt and examination of all reports of accidents or incidents that are or may be the subject of claims.
- 2) Investigate accidents or incidents as warranted, to include on-site investigation, photographs, witness interviews, determination of losses and other such investigative services necessary to determine all CLIENT losses but not to include extraordinary investigative services outside the expertise of GH.
- 3) In the event CLIENT or other agency conducts any investigation, and upon Client's request, GH shall review and analyze for liability and/or damage issues and for possible additional follow-up investigation.
- 4) Maintain service on a 24-hour, 7 days per week basis, to receive reports of any incident or accident which may be the subject of a liability claim and provide immediate investigative services to the extent necessary to provide a complete investigation.
- 5) Undertake items of investigation requiring special handling for CLIENT at the direction of the CLIENT's Attorney or authorized representative.

C. Liability and Claim Handling Services

- 1) Promptly set up a claim file upon receipt of the claim and maintain a claim file on each potential or actual claim reported.
- 2) Assess and evaluate the nature and extent of each claim and establish claims reserves for indemnity and legal expense.
- 3) GH will follow any CLIENT policy regarding tort claim rejection instructions, including rejection and return of an untimely or insufficient claim.
- 4) Ensure timely tort claim handling, including contact and follow-up with claimants regarding claim issues and processing.
- 5) Any bodily injury claim that is being pursued shall be indexed. Notice only matters or precautionary bodily injury claims that are not pursued do not need to be indexed.
- 6) Determine the need for defense representation, recommend legal counsel, and support litigation activity.

- 7) Report claims to the excess insurer in compliance with excess carrier's reporting requirements and coordinate with the excess insurer on a claim's progress in accordance with the excess insurer's reporting requirements.
- 8) Maintain records on any such claim and notify CLIENT when CLIENT is about to exhaust the Self-Insured Retention.
- 9) Obtain settlement contracts and releases upon settlement of claims or potential claims not in litigation.
- 10) Perform periodic reviews, as needed, of CLIENT files and claims as well as statutory requirements to ensure compliance including excess insurance related requirements.
- 11) Perform the necessary data gathering for the Medicare, Medicaid, and SCHIP Extension Act of 2007 (MMSEA) and the Set Aside Contracts in compliance with Section 111 of the MMSEA including the required reporting. (*See Attachment B*)
- 12) To the extent there is privileged information or PHI shared between agencies, which is subject to protection under HIPAA, GH shall implement all necessary measures in compliance with the Act and will execute a Business Associates Agreement (BAA).

D. Litigation Support Services

1. Upon notification by the CLIENT that litigation has been filed naming CLIENT or any of its members, GH shall follow the instructions outlined in the Client Expressed Scope of Work Instructions form. GH will work collaboratively with CLIENT to post all legal payments and expenses and to ensure that all financial activities related to the case are recorded in the system for inclusion on a formal loss run which will be provided to the CLIENT.
2. The CMIS operated by GH will serve as the repository for the CLIENTS's legal file pertaining to the litigation.,
3. GH will collaborate with the CLIENT to ensure that there is a process such that the file contents include the following documents and information:
 1. Operative Summons and Complaint
 2. Case evaluations from defense counsel
 3. A summary or copy of any discovery motions
 4. Summary of discovery efforts and evidence obtained
 5. Expert Witness Reports and summary of expected testimony
 6. A summary or copy of dispositive motions
 7. Mediation or settlement conference statements of all parties
 8. Settlement demands or offers from any party
 9. A copy of any Judgment, arbitration award, or Jury verdict
 10. Any Court order of significance to liability in the case
 11. Appellate documents including open and responsive briefs and opinions or decisions issued by the Court.

E. Litigation Management and Support Services (optional)

- 1) Claims Processors, Adjusters and/or Supervisors will perform the following services in relation to litigated, or to-be-litigated, claims:
 - Upon notification by the CLIENT that litigation has been filed on an open claim, GH shall follow the litigation referral process as outlined in the Client Expressed Scope of Work Instructions form.
 - Work cooperatively with CLIENT in choosing outside counsel from approved panel and assist defense counsel in on-going litigation defense efforts.

- Obtain and maintain a Litigation Plan and Budget.
- Review legal bills in connection with Litigation Plan and Budget; Review, evaluate and adjust defense counsel invoices for legal services in cooperation with the CLIENT.
- Cooperate with and assist defense counsel assigned to litigation of open claims and provide such investigative services as directed during pre-trial and trial stages.
- Assist in responding to discovery or preparing discovery.
- At the request of the CLIENT, attend mandatory settlement conferences on behalf of CLIENT.
- Appear on behalf of CLIENT in small claims actions filed against CLIENT on open claims handled by GH.
- Review and evaluate case evaluations, correspondence and status reports forwarded to GH by counsel. Regularly discuss, review, and direct investigation, discovery, and case strategy with counsel.
- Cooperate with counsel and litigation manager as a team with an open communication approach on each case to obtain the most economical and best result for the CLIENT.

2) Litigation Managers may perform the following services:

a. For designated claims identified as having a complex nature or potential high level of exposure, including coverage issues:

- Review to determine proper handling throughout the life of the claim and/or litigation
- Assess excess coverage reporting requirements and potential issues related to coverage and advise GH personnel of the need for reporting
- Identify the need for evidence preservation including scope and duration
- Assess need for early intervention by and assignment to defense counsel where appropriate
- Assess need for early retention and evaluation by expert witnesses
- Review case evaluations, correspondence and status reports forwarded by defense counsel to advise CLIENT on proper handling including settlement, trial, and/or appellate work
- Monitor the case and advise on updating reserves and financial information on the file to maintain current and accurate loss information
- Provide advice on and/or assign defense counsel and ensure that a plan of action, budget, and evaluation of the case is prepared and maintained on designated cases
- Obtain, review, and analyze status reports of defense counsel and participate in selection of strategy, need for motions, retention of experts, trial preparation and trial, and appellate work
- Cooperate with counsel, claims supervisor and adjuster as a team with an open communication approach on each case to obtain the most economical and best result for the CLIENT
- Appear at mediations and settlement conferences

b. For non-claims related matters:

- Evaluate defense attorney case load and areas of practice to ensure consistent handling between cases with similar subject matter

- Where appropriate, will analyze the work of defense counsel and participate in the selection of new counsel or correction of existing counsel where appropriate
- Provide input on the selection and retention of new defense counsel whether to retain off-panel counsel for a specific claim or case, or through participation in the RFP process whereby new firms and/or attorneys are added to the County's defense attorney panel.
- Provide independent analysis of risk exposure not only based on education, training, and experience the Litigation Managers, but also based on litigation trends across the state for similar cases, incidents, and legal issues.

F. Reports and Procedures

- 1) Within thirty (30) days of assignment, or sooner if practicable, required, or requested, GH will provide CLIENT with a report pursuant to specified claims handling instructions, showing name(s) of claimant(s), type of claim, date of loss, comments on liability, reserve recommendations, settlement recommendations, and other pertinent information. Subsequent to the initial thirty (30) day report, GH will report as often as warranted by any important change in status but no longer than every ninety (90) days until the claim closes unless extended diary is appropriate.
- 2) All original reports, documents, and claim data of every kind or description, that are prepared in whole or in part by or for the GH in connection with this contract shall be CLIENT's property and constitute the GH's work product for which compensation is paid. A copy of all reports, documents, and claim data of every kind or description that is in whole or in part by or for the CLIENT is the property of GH. Additional copies of original reports, documents, and data requested by CLIENT will be at CLIENT's expense in accordance with this contract.
- 3) GH agrees that CLIENT have access and the right to audit and reproduce any of the GH's relevant records to ensure that the CLIENT is receiving all services to which the CLIENT is entitled under this Contract or for any purpose relating to the Contract.

G. Data

- 1) Utilize GH's claims management information system. CLIENT will be provided "read-only" access to the claims system. "Read-write" access may be obtained at the CLIENT's additional expense.
- 2) Record all claim information including all financial data.
- 3) Provide CLIENT and broker Read only on-line access to the claims data system (up to five users), if desired by CLIENT.
- 4) Provide monthly standard loss run and check register.
- 5) Provide annual claims data report upon request. Written authorization and/or a Business Associate Agreement may be required for confidential information protected by HIPAA.
- 6) Provide assistance to CLIENT in developing customized reports when requested (may require additional charge).
- 7) Arrange for electronic file conversion for any open and closed claims at the direction of CLIENT.

H. Claim Review Meetings

GH shall, on a mutually agreed periodic basis, meet with Client to review and discuss the CLIENTS claims inventory and claims results of specified periods and delivery of services by CLAIM ADMINISTRATOR. GH will attend four (4) claims review meetings annually with two (2) of the meetings to be attended in-person and an agreed upon location and two (2) of the meeting to be held remotely by phone or video conference.

I. Financial Accounting

- 1) Establish and maintain a trust fund for the purpose of paying indemnity and expenses that may be due on the claims. The amount to be maintained in the trust fund shall be determined by the Client.
- 2) Maintain a copy of all checks drawn by the GH to pay claims and claims related expenses.
- 3) Submit monthly check registers of all transactions made for the period.
- 4) Complete or update Attachment B "Preferred Method of Check Processing" for check processing options.
- 5) Approval process shall be documented in GH Client Expressed Scope of Work Standards and Instruction Form.
- 6) GH will provide monthly bank reconciliation reports to CLIENT for audit purposes.

J. Third Party Subrogation Services

In any claim in which CLIENT is alleged to be liable or case in which CLIENT is a named defendant, GH will identify additional parties to that dispute which may also bear responsibility or liability for the damages claimed by the claimant(s) and/or plaintiff(s). Where additional individuals or entities are identified as having some responsibility, GH will perform the following services:

- 1) Identify to the CLIENT, the additional individuals or entities and the basis for potential liability.
- 2) Prepare and file a claim with each identified individual or entity.
- 3) As applicable, tender defense to or seek recovery from any identified individual or entity.
- 4) With client's prior approval and with the assistance of counsel, GH will prepare and file, or caused to be prepared and filed, any necessary litigation required to affect the claim of recovery on behalf of the CLIENT.
- 5) Manage litigation related to such claims or cases made to or filed against the other individual or entity.
- 6) All costs and expenses of litigation filed pursuant to this section, including attorney fees for outside counsel where necessary and approved, will be paid by the CLIENT.

K. First Party Subrogation Services

In the event that CLIENT assigns first party subrogation claims to GH, CLIENT shall identify damages it has sustained which have a value of \$1,000 or greater and for which any individual or entity is believed to be liable or responsible, the following may be performed:

- 1) CLIENT may authorize GH to act as a representative of CLIENT for the investigation, adjustment, processing, supervision, and evaluation of an ultimate recovery of potential money from the identified individuals or entities.
- 2) With prior approval of the CLIENT, GH may engage the services of one of the CLIENT's litigation attorneys to consult, review, and determine the best legal strategy available leading to recovery for the CLIENT. Upon determination by the attorney that a civil action

is in the best interest of the CLIENT, GH will notify the CLIENT and obtain authorization to initiate litigation in accordance with the recommendations of the CLIENT and its attorney.

- 3) Where GH is able to recover money from an identified individual or entity, in addition to any other compensation identified in this contract, CLIENT will pay a Subrogation Fee in the amount of 30% of the gross amount recovered for each recovery obtained by GH. The minimum amount to be paid to GH will be \$250 per claim upon recovery. However, GH has the authority to reject any claim for any reason, relieving the CLIENT of any fiscal responsibility for rejected claims only. The amounts due under this section shall be invoiced to the CLIENT on a monthly basis following receipt of the recovery payment from the at-fault party.
- 4) While GH is handling a subrogation claim for the CLIENT pursuant to the terms of this Contract, and the institution of a civil action is determined by the CLIENT to be the best course of action, CLIENT may elect to, at CLIENT's expense, recall the claim to the CLIENT's control so that CLIENT may pursue recovery in a manner in the best interest of the CLIENT. In the event the CLIENT recalls the claim as indicated above, or terminates the services of GH for any reason, CLIENT shall be responsible for payment to GH for any and all time and expense incurred by GH's subrogation claim adjuster, and/or subrogation division staff, up to the time wherein the claim has been recalled by the CLIENT.
- 5) Where requested, GH shall consult with CLIENT on claims and other related matters not specifically assigned to GH for handling under this Contract.
- 6) GH reserves the right to cease working on any claim whereas information has not been made available to GH within 120 days after GH has submitted the information and/or documentation to the CLIENT, at such time, the claim will be closed.
- 7) Due to the nature of these services, in that compensation is contingent upon recovery, if the contract is terminated prior to recovery or other closure of any claim, the CLIENT shall pay GH for all expenses and time spent, to date, on any claims(s) currently open and recovery in process. Payment shall be based on the current hourly rate of GH of \$95.00 per hour. GH will submit final invoice within five business days of termination.
- 8) All costs and expenses of litigation filed pursuant to this section, including attorney fees for outside counsel where necessary and approved, will be paid by the CLIENT.
- 9) GH does not handle subrogation claims with a value less than \$1,000, unless a separate arrangement is established and agreed to..
- 10) Billing for Services and Payment to GH: The process preferred by GH is stated as follows:
 - A. Once recovery is agreed to between GH and the at-fault party and all documentation executed including a release, the at-fault party will issue a check to GH for the full agreed upon amount;
 - B. GH shall deposit the gross recovered funds into the GH Client Trust Fund.
 - C. Within ten (10) days after deposit, GH will issue the net payment to the CLIENT of the amount remaining after deduction of the fees to compensation GH based on this Contract.

D. If CLIENT terminates the services of GH related to First Party Subrogation before the end of the Term, GH will invoice on a time and expense basis all work on claims for which collection has not been received by GH. The parties may discuss additional conditions under which payment may be made or work continued and may reach an additional agreement related thereto at the time of termination.

II. CLIENT EXPRESSED AUTHORITY AND LIMITATIONS

The list immediately below contains numerous services provided in this Contract for which GH requests the CLIENT expressly establish authority and/or limitations, on the ability of GH to act on behalf of the CLIENT. The CLIENT will check the appropriate box establishing the authority of GH to act or the limitation as to that authority.

GENERAL ADMINISTRATIVE SERVICES:

- George Hills will establish and maintain a trust account for claim-related payments
- CLIENT will will make all claim-related payments
- GH will send certificates of insurance to the following contact: Laraine Gittens, laraine.gittens@cityofsanrafael.org

INVESTIGATIVE SERVICES:

- George Hills will conduct all investigations
- CLIENT will conduct all investigations
- CLIENT will direct GH on each claim as to who performs investigations

In the event the Client or other agency conducts any investigation, GH shall review for completeness.

Retention of Vendors (appraisers, translators, copy services, Independent Adjuster, IME's, Surveillance, etc.):

- Must be preauthorized by CLIENT
- Does not need preauthorization

LIABILITY AND CLAIM HANDLING SERVICES:

CLIENTS position regarding rejections (*e.g., if entity so dictates, a claim will be rejected for insufficiency*). Check all that apply.

Protocols for Rejections

- GH needs authorization
- GH does not need authorization
- GH sends the Rejection
- CLIENT sends the Rejection
- GH sends out Denial Letter simultaneously with Rejection outlining the reason

LITIGATION SUPPORT SERVICES:

Check all that apply.

- CLIENT will handle litigated claims inhouse, with GH to capture data into SIMS
 - CLIENT will send data to GH weekly
 - CLIENT will send data to GH monthly

Excess Reporting

- GH will report claims to the excess insurer in compliance with excess carrier's reporting requirements and coordinate with the excess insurer on a claim's progress in accordance with the excess insurer's reporting requirements.
- CLIENT will report claims to the excess insurer in compliance with excess carrier's reporting requirements and coordinate with the excess insurer on a claim's progress in accordance with the excess insurer's reporting requirements

Claims Exceeding SIR:

- GH stops tracking activity once the SIR has been reached.
- GH will continue to track all activity at and/or above the SIR. The Excess JPA/Carrier will provide GH with activity documentation above the SIR.
- GH will reserve to Full Value and track recoveries.

LITIGATION MANAGEMENT AND SUPPORT SERVICES:

Check all that apply.

- GH will handle litigated claims
 - All litigated cases
 - Case as assigned

Mandatory Settlement Conferences

- GH always attends
- CLIENT will attend with GH attending upon request only

Small Claims Actions filed against CLIENT

- GH always appears
- CLIENT will attend with GH attending upon request only

Legal Counsel

- GH must have CLIENT authorization to refer to outside Legal Counsel
- GH does not need CLIENT authorization to refer to outside Legal Counsel
- GH must use CLIENT approved Legal Panel for Attorney selection
- CLIENT does not have an approved Legal Panel for Attorney selection

- All Litigation to be handled by CLIENT inhouse Legal
- GH always sends Litigation Assignment packets to Legal Counsel
- CLIENT specific Litigation Guidelines: Yes No
- CLIENT specific Litigation Referral Form/Letter: Yes No
- CLIENT specific Litigation Budget Form: Yes No
- Pay fees for Experts, photocopies, medical records as: Expense Legal

REPORTS AND PROCEDURES:

- GH will provide client reports of all claims Quarterly.
- GH will arrange for the performance of an audit annually.
- CLIENT will arrange for the performance of an audit annually.

AUTHORITY LEVELS:

Reserve within SIR:

- \$0.00 Other: \$250,000

Adjuster must seek approval from (client contact) to post indemnity reserves above authority level.

Settlement Authority:

- \$0.00 Other: _____

Adjuster must seek approval from (client contact) to consent to settlement of any claim at or above the amount indicated.

Medical Treatment:

- Medical Authorizations should only be sent to the claimant once liability is determined to be adverse to the CLIENT.
- Medical Authorizations should go out as soon as it is determined that a BI claim is being pursued.

FINANCIAL ACCOUNTING:

- George Hills will establish and maintain a trust account for claim-related payments
- CLIENT will will make all claim-related payments
- George Hills will provide trust account reconciliatrimon reports monthly
- George Hills will provide check registers reports monthly
- N/A

THIRD PARTY SUBROGATION SERVICES:

- GH is authorized to initiate third party subrogation claims on behalf of CLIENT
- GH must obtain authorization to initiate third party subrogation claims on behalf of CLIENT.

FIRST PARTY SUBROGATION SERVICES:

- CLIENT elects to incorporate the first party subrogation services of GH into the contract
- CLIENT authorizes GH to initiate first party subrogation claims on behalf of CLIENT

CLIENT agrees to the additional compensation payable to GH for its first party subrogation services as follows:

GH shall be entitled to 30% of the gross recovery for each claim initiated by GH through its first party subrogation efforts.

- CLIENT agrees to the terms and conditions stated in Attachment B, Subrogation Services.
- N/A

ATTACHMENT B
MEDICARE, MEDICAID, AND SCHIP EXTENSION ACT OF 2007 (MMSEA)

This law requires liability insurers, self-insurers, no fault insurers and workers' compensation insurers to report certain information to The Centers for Medicare and Medicaid Services (CMS) concerning Medicare beneficiaries. The penalty for failure to comply is \$1,000 per day, per claimant.

George Hills Company, Inc. (GH) has contracted with ExamWorks for Mandatory Insurer Reporting (MIR) for the CLIENT. ExamWorks shall represent the CLIENT—and Responsible Reporting Entity (RRE) to this existing contract and this addendum and will be the designated reporting agent. GH will be responsible for gathering and reporting accurate claims data required by MMSEA to ExamWorks in a timely manner. GH agrees to assume the responsibility for reporting data to ExamWorks to meet all reporting requirements in accordance with MMSEA, on behalf of the RRE; including assuming responsibility for any fines or penalties that are directly caused by GH's non-compliance. GH further agrees to indemnify and hold-harmless, RRE, and staff, for any penalties or fines resulting from GH's direct failure to timely and accurately provide the reporting data to ExamWorks. The above-mentioned obligations to indemnify and hold-harmless shall not be applicable to matters relating to delays caused by RRE or other third parties, or inaccurate data supplied to GH by RRE or other third parties.

By contract with GH, ExamWorks will indemnify and hold GH harmless from and against any claim, damage, fine, loss and expense, arising in connection with, or as a result of, any error, omission, or negligent performance of its obligations as reporting agent, which indemnity will include all reasonable costs of litigation and attorneys' fees incurred. Without in any way limiting the indemnity set forth in this Contract, all work performed by ExamWorks will be done in a professional manner.

GH shall perform the necessary data gathering for RRE and ExamWorks; as such GH shall include in our monthly invoicing the time incurred for such work at our contract hourly rate or will be included in your monthly flat fee or claims adjusting.

ExamWorks will perform the MMSEA Mandatory Insurer Reporting function for GH, and its RREs, shall be charged as an Allocated Expense, as defined in Attachment C, subject to the following. RRE will designate ExamWorks, unless otherwise requested, as its exclusive vendor for all of RRE's "Qualified Referrals" (those claims determined to require Medicare Set Aside (MSA) or a Claim Settlement Allocation (CSA) and RRE will utilize other ExamWorks services related to Medicare Secondary Payer (MSP) compliance identified in their fee schedule.

**ATTACHMENT C
PREFERRED METHOD OF CHECK PROCESSING**

1. Selection of Bank

- a) GH uses CA Bank & Trust
- b) Clients Choice

Name

Address

Please provide signature cards, sample check, starting check number, name of contact person

2. Trust Balance Desired \$_____

3. Account funding: GH will notify client when the balance falls below required balance

4A. Number of Signatures Required

- a) One
- b) Two on all checks
- c) Two on checks in excess of \$_____

4B. If two signatures are required please specify:

- a) Both GH
- b) One GH, one client

GH signers: John Chaquica, CEO; Chris Shaffer, COO;

5. Accountability

- a) Positive Pay: Yes No

GH recommends positive pay to mitigate the potential for fraud.

- b) Check Registers: Yes No
 Weekly Monthly

- c) Statement to be balanced by client, or
 Statement to be balanced by GH with copies to client

ATTACHMENT D ALLOCATED EXPENSES

Typically, allocated expenses are those expenses that are generated by a claim (by outside vendors other than George Hills) that cannot be foreseen nor included in this Contract. These expenses are generally allocated back to the specific claim file for which the cost was incurred and then charged back to the entity whose claim incurred that cost. In most situations these are pass-through costs (with processing fees) for services and/or fees not directly generated by the TPA, but rather by a third-party consultant where the TPA has acted as an agent on behalf of the entity to necessarily outsource services to a third-party consultant and/or miscellaneous fees applicable to the specific claim applied by an outside entity, such as a court or copy services. Below, George Hills has provided a list, which is not an exhaustive list, of typical allocated expenses.

Paid to GH

- CMS reporting costs and fees (ExamWorks);

Paid to Others as Authorized by Client

- Fees of outside counsel for claims in suit, coverage opinions, and litigation, and for representation and hearings or pretrial conferences;
- Fees of court reporters;
- All court costs, court fees, and court expenses;
- Fees for service of process;
- Costs of undercover operatives and detectives (if initially paid by GH);
- Costs for employing experts for the preparation of maps, professional photographs, accounting, chemical or physical analysis, or diagrams;
- Costs for employing experts for the advice, opinions, or testimony concerning claims under investigation or in litigation for which a declaratory judgment is sought;
- Costs for independent medical examination or evaluation for rehabilitation;
- Costs of legal transcripts of testimony taken at coroner's inquests, or criminal or civil proceeding;
- Costs for copies of any public records or medical records;
- Costs of depositions and court reporting;
- Costs and expenses of subrogation, (if not George Hills);
- Costs of engineers, handwriting experts, or any other type of expert used in the preparation of litigation or used in a one-time basis to resolve disputes;
- Witness fees and travel expenses;
- Costs of photographers and photocopy services (if not George Hills—our costs for this is included in our rate);
- Costs of appraisal fees and expenses not included in flat fee or performed by others;
- Costs of indexing claimants;
- Services performed outside the TPA's normal geographical regions;
- Costs associated with Medicare Set-Aside analysis and submission or Medicare Conditional Lien negotiation;

- Investigation of possible fraud including SIU services and related expenses; and/or
- Any other similar cost, fee, or expense that is not otherwise included in the TPA's service fees that is reasonably chargeable to the investigation, negotiation, settlement, or defense of a claim or loss or to the protection or perfection of the subrogation rights of the entity, including travel related expenses.

Travel Related

- Costs of travel related to claims including mileage driven, such as for attendance at inspections, mediations, and trial, shall be allocated to the specific claim and reimbursed to GH based on the actual cost incurred. Mileage shall be reimbursed at the current IRS rated at the time the mileage is traveled