



39500 High Pointe Blvd., Ste. 400
Novi, MI 48375
(248) 348-8200 phone
(248) 675-2550 fax

CONTRACT FOR SERVICES

PARTIES

City of Ann Arbor (hereinafter "CLIENT") hereby retains CompOne Administrators, Inc. (hereinafter "COMPONE"), to perform the services listed on Schedule V.

TERMS

This contract shall be in effect from 7/1/2013 to 7/1/2015 and shall remain in full force and effect unless amended or terminated.

ATTACHMENTS

Attached hereto and made a part hereof are the following schedules:

- I. OBLIGATIONS OF THE PARTIES
- II. BANKING
- III. TERMS AND CONDITIONS
- IV. DEFINITIONS
- V. SERVICES AND FEES

City of Ann Arbor
Organization Name

By:

Title: Steven Powers
City Administrator

Date:

Address: 220 E. Huron St
Ann Arbor, MI 48104

CompOne Administrators, Inc.
Company Name

By:

Title: Bruce T. Stubbs
Executive Vice President/COO

Date:

Address: 39500 High Pointe Blvd, #400
Novi MI 48375

A. Obligations of COMPONE

CompOne agrees to perform the following services:

1. With regard to Claims Administration, COMPONE shall:
 - a. Review each claim and loss report submitted by the CLIENT during the term of this contract.
 - b. Conduct an investigation of each qualified claim or loss to the extent deemed necessary by COMPONE.
 - c. Maintain a file for each qualified claim or loss which shall be available for review by the CLIENT.
 - d. Adjust, settle, or resist all qualified claims or losses:
 - 1) within the stated discretionary settlement authority limit;
 - 2) with specific approval of the CLIENT, if outside the stated authority limit.
 - e. Perform necessary and customary administrative and clerical work in connection with each qualified claim or loss, including the preparation of checks or vouchers, releases, agreements, and other documents needed to finalize a claim.
 - f. Establish and update claim reserves as needed.
 - g. Assist the CLIENT in establishing a banking arrangement for loss and expense payments as set forth in Schedule II.
 - h. Notify CLIENT, CLIENT's agents, carriers, and excess insurance carriers as designated by the CLIENT, of all qualified claims or losses which may exceed the CLIENT's retention and, if requested, provide information on the status of those claims or losses. COMPONE is responsible for all reporting to excess insurance carrier as required by CLIENT excess insurance policy(ies).
 - i. Coordinate investigations on litigated claims with attorneys representing the CLIENT and with representatives of the excess carrier, as required. It is expressly understood that all legal costs and loss payments will be charged to the CLIENT.
 - j. Investigate and pursue subrogation possibilities on behalf of the CLIENT in all states permitting subrogation. Funds received from all subrogation collections shall be considered revenue of the CLIENT.
 - k. Maintain an automated loss and information system, and provide the CLIENT with reports as set forth in Schedule V.
 - l. Provide forms, as determined by COMPONE, needed to administer the CLIENT'S program.
 - m. Assist the CLIENT in selecting experts or specialists as the claims may require.

- n. Provide personnel needed to perform the services agreed to herein.
2. With respect to Self-Insurance Qualification, COMPONE shall assist the CLIENT in the filing of periodic reports and renewal applications required by state administrative agencies
3. With regard to Risk Management Consulting and Appraisals, COMPONE shall provide the services set forth in Schedule V.
4. Provide other services as set forth in Schedule V.

B. Obligations of CLIENT

1. CLIENT shall pay COMPONE for services the annual sum set forth on Schedule V as agreed to under the "Billing and Payment Terms" section. At the end of each contract period, the annual compensation shall be subject to adjustment, and stated minimum fee.

Where applicable, COMPONE shall audit the claim counts at the 18th month. CLIENT shall pay COMPONE any additional fees due as a result of these audits.

2. CLIENT shall provide funds for the payment of qualified claims or losses, allocated loss expenses, and any Managed Care fees, if applicable. COMPONE shall not be required to advance funds to pay losses, allocated loss expenses, bank charges, or Managed Care fees.
3. Fees are payable upon receipt of invoice. COMPONE reserves the right to charge 1% per month on balances unpaid after 30 days.

**SCHEDULE II
BANKING - COMPONE ACCOUNT**

COMPONE will provide an on-line check issuance system, which provides for automated payments and control. The account will be funded by the CLIENT. COMPONE will assist the CLIENT in establishing the initial imprest/opening balance of the fund. COMPONE will analyze the account from time to time and will submit advisory reports, including any excess or deficiencies to the imprest/opening balance. As a result of the advisories, the CLIENT agrees to fund any imprest increase within 30 days of notification.

It is expressly understood that COMPONE shall not be required to advance its own funds to pay any of the CLIENT's obligations.

In the event of cancellation or non-renewal of this contract, CLIENT agrees to fund an amount sufficient to fund all of the CLIENT's outstanding obligations.

If, at any time, CLIENT fails to provide adequate funding, COMPONE shall issue "stop payment" orders on outstanding payments. CLIENT agrees to indemnify COMPONE for any losses resulting from CLIENT's failure to fund its obligations. Any bank charges resulting from inadequate funding including, but not limited to, interest, stop payment charges, and overdraft fees, shall be the obligations of the CLIENT and shall be billed to

the CLIENT when known. COMPONE shall have the right to convert the CLIENT's program to either daily clearance or voucher upon 48 hours notice to the CLIENT.

SCHEDULE III **TERMS AND CONDITIONS**

- A. **Discretionary Settlement Authority** - The limit on any settlement payment by COMPONE shall be as set forth in Schedule V. It is agreed that COMPONE shall have full authority in all matters pertaining to the payment, processing, investigation, and administration of qualified claims or losses within this limit. Failure of COMPONE to settle a qualified claim or loss within such limit shall not subject COMPONE to liability to any party in the event of an adverse judgment entered by any court or the settlement of such claim or loss for an amount in excess of such limit.
- B. **Terms of Cancellation or Non-Renewal** - The original term of this agreement shall be for a period of 2 years commencing on 7/1/2013, and ending on 7/1/2015. Either party can terminate this agreement for any reason by giving 60-day notification to the other in writing of such party's election to terminate this agreement.

In the event of cancellation or non-renewal of this contract, COMPONE will continue to manage all pending claims to conclusion of the claims, and claims occurring in this service term but not reported prior to the date of termination unless COMPONE is relieved by the Michigan Workers' Compensation Agency. The price provides for up to 12 months after expiration of contract. Beginning 12 months after expiration, there will be a \$300 per claim per year or partial year charge for each claim that remains open.

Should the CLIENT elect to have the files returned to them, COMPONE will provide a tape or paper copy of the claim information. Upon delivery of this information to CLIENT, claim information will be deleted from the system. All documents generated or prepared by COMPONE for the CLIENT or any materials relating to CLIENT held by COMPONE for the CLIENT are the property of the CLIENT and shall be surrendered to the CLIENT within 10 days of termination of the service contract, subject to written request by the CLIENT.

If the CLIENT fails to pay any amounts billed, including but not limited to COMPONE's service fee during the payment period within 30 days, COMPONE shall have the right to terminate the contract by giving the CLIENT and the administrative authorities of the involved status supervising self insurance ten (10) days notice in writing. Costs for file transfer shall be the obligation of the CLIENT.

- C. **Sole Claims Administrator** - During the terms of this Agreement and except as otherwise agreed to by the parties hereto, CLIENT agrees that COMPONE shall be the sole claims administrator with respect to the CLIENT's program and that all new claims under CLIENT's program shall be forwarded to COMPONE. CLIENT further agrees not to self-administer or adjust any such claims or to forward any such claims to any other service organization or individual without COMPONE's prior written consent.
- D. **Practice of Law** - COMPONE will not perform any service which may constitute the unauthorized practice of law.
- E. **Mutual Indemnification** - COMPONE agrees to defend, indemnify, protect, save, and keep harmless CLIENT from any and all loss, cost, damage, or exposure arising from the negligent acts or omissions of COMPONE.

CLIENT agrees to defend, indemnify, protect, save, and keep harmless COMPONE from any and all loss, cost, damage, or exposure arising from the negligent acts or omissions of CLIENT.

The foregoing indemnification provisions shall survive termination of the Agreement.

- F. Notices - Any notices required to be given under this contract shall be sent by certified mail to the following case of COMPONE:

Bruce T. Stubbs
Executive Vice President & COO
CompOne Administrators, Inc.
39500 High Pointe Blvd., Suite 400
Novi, MI 48375

And in the case of the CLIENT:

Kelly Beck
Sr. Employees Benefits Analyst
220 E. Huron St
Ann Arbor, MI 48104

- G. Successors - This contract shall be binding upon and shall inure to the benefit of all assigns, transferees, and successors in interest of the parties.

- H. Modification - This contract represents the entire agreement between the parties and may be modified only in writing. COMPONE reserves the right to request a modification of fees if:

It is determined that the historical data upon which COMPONE's fees and service charges developed were based upon erroneous, obsolete, or insufficient information, or that a change in CLIENT's business will materially change the nature and/or volume of its business or claims as contemplated at the inception of the Agreement.

During the term of the Agreement, legislative and/or regulatory requirements materially impact or change the scope of COMPONE's services or responsibilities.

- I. Confidentiality of Data - All data furnished by the CLIENT, or generated as a result of services performed under this agreement, and other information designated by the CLIENT in writing, shall be treated as confidential. COMPONE reserves the right to use statistical information or other data, so long as the CLIENT's name and/or confidential data are adequately protected.

- J. Status - It is understood that COMPONE is engaged to perform services under this contract as an independent contractor and not as an agent of the CLIENT. This contract shall be governed by the laws of the State of Michigan.

- K. Reporting - COMPONE will not assure that other coverage (unknown to COMPONE) exists for a qualified claim or loss. COMPONE shall not be responsible for reporting to carriers on a type of claim or loss not managed by COMPONE.

- L. Fines and Penalties - COMPONE shall not be responsible for any fines or penalties assessed by any governmental agency because of the acts or omissions of the CLIENT, or by previous or successor claim administrators.
- M. Solicitation of Employees - CLIENT agrees that, during the term of the Agreement and for a two-year period thereafter, CLIENT shall not, without the written consent of the President of COMPONE, solicit to hire, or hire any employee of COMPONE who, during the term of this Agreement, has performed, or contributed to the performance of services hereunder. CLIENT further acknowledges that the damages suffered by COMPONE as a result of breach of this obligation would be significant but not susceptible of easy calculation. Accordingly, in the event of a breach of the aforesaid obligation, CLIENT agrees to pay COMPONE an amount equal to fifty percent (50%) of such employee's annualized salary amount at COMPONE as of the date of breach.
- N. Risk Management Consulting - With respect to any risk management consulting services, including any form of inspection service provided by COMPONE to CLIENT:
1. Such services shall be in the nature of advisory to the CLIENT only and shall not be construed as imposing upon COMPONE any duty to implement any recommendation made by COMPONE or to otherwise ensure that any premises, equipment, or other subject matter of COMPONE consulting service is safe from hazards or defects.
 2. Such services shall be solely for the benefit of CLIENT and shall not be construed as creating any duty to, or conferring any right to, any third party, including without limitation, any duty to warn any third party or the public at large.
 3. The scope of such services may be subject to further limitations pursuant to the terms of any written reports delivered to CLIENT and respecting such services.
 4. CLIENT shall make no communication to any third party concerning the role or nature of COMPONE's services without the prior consent of COMPONE.
- O. Claim File Records - COMPONE will retain claim files for 24 months following date of closure. Thereafter, files will be returned to CLIENT or forwarded to such location as may be designated by the CLIENT for continued storage.
- P. Subrogation - To the extent COMPONE is involved in pursuing recoveries against third parties or otherwise undertaking subrogation activities on behalf of CLIENT, COMPONE is authorized to collect, in the name of the CLIENT or in the name of COMPONE, all funds due as a result of such recovery or subrogation activities. COMPONE shall not be required to establish any trust accounts for the benefit of CLIENT, but shall promptly and fully account for all funds so received.

SCHEDULE IV **DEFINITIONS**

Claim - Any report of an accident (first or third party) alleging or resulting in injury, damage, or loss which could give rise to a demand for the payment of money.

Discretionary Settlement Authority - COMPONE is authorized to make payment, or loss expense, up to this amount, as COMPONE deems necessary.

Qualified Claim or Loss - COMPONE will investigate and adjust any loss or claim occurring within the service term, provided the loss or claim type is identified in Schedule V.

Allocated Expenses - Shall be the responsibility of the CLIENT and shall include, but not be limited to:

- | | |
|---|---|
| -Legal fees | -Extraordinary travel made at client request |
| -Professional photographs | -Court reporters |
| -Medical records | -Fees for service of process |
| -Experts' rehabilitation costs | -Pre and post judgment interest paid |
| -Accident reconstruction | -Chemists |
| -Architects, contractors | -Collection costs payable on subrogation |
| -Engineers | -Managed care |
| -Police, fire, coroner, weather, or other reports | -ISO Indexing Services |
| -Property damage appraisals | -Any other similar costs, fee, or expense reasonably chargeable to the investigation, negotiation, settlement, or defense of a claim or loss which must have the explicit prior approval of the CLIENT. |
| -Extraordinary costs for witness statements | |
| -Official documents and transcripts | |
| -Sub rosa investigations | |
| -Medical examinations | |
| -Payments made for claim file | |

Managed Care - Managed Care service shall include, but not be limited to:

-Preferred Provider Organization networks	-Light duty and return to work programs
-UCR application	-Prospective injury management services
-Medical case management services	-Hospital bill audit services
-Vocational rehabilitation services	-First Report of Injury reporting and state filing
-Utilization review services	-Peer review services

SCHEDULE V
SERVICES AND FEES

Services Provided:

A.	Claims Administration	
a.	Auto Liability - Bodily Injury (AB)	N/A
b.	Auto Liability - Property Damage (AD)	N/A
c.	Auto Physical Damage (APD)	N/A
d.	General Liability - Bodily Injury (GB)	N/A
e.	Products Liability	N/A
f.	Professional Liability	N/A
g.	Property (PR)	N/A
h.	Workers' Compensation (WC) Service Fee Based on a rate per Manual Premium of 1.25889%. 1.25889% x \$2,224,182 = \$28,000	Estimated Annual Service Fee \$28,000 Minimum Annual Service Fee \$26,600
i.	Medical Bill Review	Included
j.	Assumption	N/A
k.	Other: Acct Maint/Claims Reviews	Included
B.	Loss Funding	
a.	COMPONE Banking	Continuing
b.	Voucher	To be determined
c.	Client Owned Banking	To be determined
C.	Supplemental	
a.	Meetings	At clients request not to exceed 4 per year
b.	Case Management Services Option is available to use your preferred vendor <u>or</u> <u>or</u> a discounted rate of \$88 per hour is offered with ManageAbility Services	Allocated to file
e.	Settlement Authority	None
f.	Index Bureau	\$8.95 per inquiry
g.	Coordination	Standard
h.	Set up program	Included in fees
i.	Incident Processing	Included
j.	Record Only Processing	Included
k.	Update Appraisals	N/A
l.	Risk Inspections	N/A
m.	Utilization Review (paid off file) Option to use your preferred vendor <u>or</u> discounted rate of \$88 per hour is offered with ManageAbility Services for file reviews.	Allocated to file
n.	PPO & PHARMACY-	25% of savings
D.	Risk Management Consulting	
a.	Loss Control – 16 hours annually @ \$135 per hour	Included
b.	Other:	
	TOTAL: \$28,000	Minimum Fee: \$26,600

Option 1 - Inclusive with Bill Review

Additional Service Terms and Conditions: Service fees payable during the contract term are earned at the contract inception date. The deferred portion of the minimum claims fees will be earned at the rate of quarterly from the anniversary date of the contract. The following payment schedule applies:

Due date	Amount
7-1-2013	\$28,000
7-1-2014	\$28,000

Billing will be done quarterly unless otherwise stated. They can be handled weekly, monthly, quarterly, or annually.

There will be an annual audit performed 30 days after the end of the contract year to determine actual rate per manual premium.

Billing is to be e-mailed to: Agency Bill – Hylant Group Ann Arbor