

AGREEMENT FOR LOSS PORTFOLIO TRANSFER

This Agreement is made and entered between the County of Santa Barbara, hereinafter referred to as "County" and CSAC Excess Insurance Authority, hereinafter referred to as "EIA".

WHEREAS, Santa Barbara County is a member of the EIA's Primary Workers' Compensation Program ("PWC"); and

WHEREAS, County of Santa Barbara was self-insured for each of its workers' compensation liabilities up to the amounts reflected in Exhibit A for the period from November 1, 1979 through June 30, 2010; and

WHEREAS, from November 1, 1979 through June 30, 2010, in exchange for payment of a premium by County, the EIA provided coverage for the County's liabilities in excess of the County's Self-Insured Retention pursuant to certain reinsurance policies and Memoranda of Coverage issued by the EIA under the EIA's Excess Workers' Compensation ("EWC") Program; and

WHEREAS, the County desires to cede, and the EIA desires to assume from the County, the County's remaining self-insured retention liabilities for occurrences (as the term is defined in the applicable EWC Program year Memorandum of Coverage ("MOC")) arising out of the period from November 1, 1979 through June 30, 2010, subject to the terms, conditions and provisions of this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and agreements made herein and other good and valuable consideration, the sufficiency of which is hereby acknowledged, and upon the terms and conditions set forth herein, the County and the EIA hereby agree as follows:

Section 1: Definitions

Allocated Loss Adjustment Expense or ALAE shall mean all court, arbitration, mediation or other dispute resolution costs, attorneys' and expert witness fees and expenses, and interest accrued prior to or after any judgment, award, agreement or compromise, incurred in connection with or in any way relating to the adjustment, appraisal, defense, resistance, investigation, audit, negotiation, settlement, payment or appeal of, or the pursuit or collection of any reinsurance on, or the pursuit or collection of any right of subrogation with respect to, any Loss (to the extent not otherwise paid by the EIA), excluding in-house costs. ALAE shall be a part of the covered losses if paid or due to be paid on or after the Effective Date of this Agreement.

Covered Losses shall mean all losses arising out of occurrences taking place between November 1, 1979 and June 30, 2010 and within the County's Self-Insured Retention for those years as documented in Exhibit A.

Effective Date shall mean October 1, 2019

Loss(es) shall mean amounts paid by or on behalf of the County because of liability imposed upon it by the workers' compensation laws of the State of California for claims under the applicable EIA Excess Workers' Compensation MOC issued under the EIA's EWC Program, including, without limitation, amounts payable as a result of settlements, awards and judgments.

Unallocated Loss Adjustment Expense shall mean any loss adjustment expense that is not Allocated Loss Adjustment Expense.

Section 2: LPT Agreement

A. Obligations of the EIA.

1. Subject to all terms, conditions, and limits as set forth in this Agreement, in exchange for payment of the LPT Premium by the County to the EIA, the EIA agrees to pay for 100% of the County's unpaid Covered Losses for occurrences that arose from November 1, 1979 through June 30, 2010, from the Effective Date moving forward. The EIA shall not assume any responsibility for nor shall it pay any amounts that are not covered or are subject to an Exclusion to this Agreement as set forth below in Section 5.
2. No coverage will be provided by the EIA for such amounts of Covered Losses paid prior to the Effective Date by or on behalf of the County within the County's Self Insured Retention during the period from November 1, 1979 through June 30, 2010. The amounts paid by the County on Covered Losses prior to the Effective Date are set forth in Exhibit B.
3. As of the Effective Date, the EIA will assume responsibility to become the Responsible Reporting Entity ("RRE") for all Covered Claims and the EIA and/or its agents will be responsible for any Medicare Conditional Payment issues or penalties issued by Medicare based on settlements or transactions that occur after the Effective Date.

B. Obligations of the County.

1. In exchange for assuming liabilities for the Covered Losses, County will pay a Loss Portfolio Transfer (LPT) Premium to the EIA in a not to exceed amount of \$14,989,800 (fourteen million, nine hundred eighty-nine thousand, eight hundred dollars) (the "LPT Premium"). The final LPT Premium will be adjusted after the Effective Date with the \$14,989,800 Premium amount being reduced by the covered amounts

of claim payments made by the County since March 31, 2019. Non-covered amounts paid since March 31, 2019 will not count toward the reduction of the LPT Premium. The LPT Premium may be financed in part by the County in accordance with the EIA's Financing Policy and an initial payment by the County in an amount determined by the Parties is payable on or before the Effective Date. No coverage will be provided by the EIA if the initial payment is not paid on or before the Effective Date.

2. County hereby agrees to assign its rights under its Agreement for Workers' Compensation Claims Administration Services with Corvel Enterprise Comp. Inc. (a copy of which is attached hereto as Exhibit C) to the EIA as of the Effective Date of this Agreement. County agrees to take any and all actions necessary to effectuate the assignment of its rights under the contract with Corvel to the EIA.
3. County agrees and hereby acknowledges that as it pertains to Covered Losses, the EIA shall have sole responsibility for all claims oversight and control as well as all settlement decisions. County waives any decision-making authority that it has regarding any and all Covered Losses and agrees that it will not unreasonably withhold any information or signatures that might be necessary for the EIA to resolve either a portion of or the entirety of a Covered Loss.
4. The County understands and agrees that the EWC MOC and Endorsements applicable in a given EWC Program year establishes the coverage available to the County for workers' compensation claims for each respective year between November 1, 1979 and June 30, 2010, and that the County remains responsible for all uncovered claims or uncovered portions of claims during that period of time.
5. The County will remain responsible for any past, present, or future penalties assessed by Medicare and any Medicare Conditional Payment issues arising out of settlements or transactions made within the County's Self-Insured Retention layer prior to the Effective Date. This responsibility includes payment of the cost of defense for defending against any penalty or Conditional Payment notices issued by the Department of the Treasury or any other state or federal entity.
6. For all Covered Claims, the County will remain responsible for all penalties as described in Section VII. of its agreement with Corvel (Exhibit C) assessed both before and after the Effective Date.

Section 3: Term

This Agreement shall be effective as of the Effective Date, and the EIA's assumption of the County's outstanding liabilities for Covered Losses shall incept as of the Effective Date.

This Agreement may not be cancelled or terminated by either party.

This Agreement shall remain in full force and effect and its provisions will continue to apply hereunder to the end that all obligations and liabilities incurred by each party hereunder will be fully performed and discharged.

Section 4: Salvage and Subrogation

- A. All salvages, recoveries and reimbursements recovered or received in respect of any Covered Losses under this Agreement from the Effective Date forward shall be paid to the EIA or credited against its liability for Covered Losses hereunder after deduction of the reasonable expenses incurred by the County in effecting such salvage, recovery or reimbursement (excluding salaries and expenses of officers and employees of the County), except to the extent otherwise paid or reimbursed by the EIA hereunder, without payment of any interest thereon by the EIA (except for amounts of interest that are: (1) included in the salvage, recovery or reimbursement recovered or received or (2) payable in accordance with this Agreement).
- B. The EIA shall be subrogated as respects any Covered Loss which the County actually pays, or becomes liable to pay, to all rights of the County against any person or other entity who may be legally responsible in damages for such Covered Loss, but only to the extent of the amount of payment by or the amount of liability of the County. The County hereby agrees to enforce or cause to be enforced such rights, unless already waived, as reasonably requested by the EIA. In the event the County chooses not to enforce any of such rights or fails to take reasonable actions to enforce such rights promptly after the EIA requests that it do so, the EIA, at its own expense, is hereby authorized and empowered to bring any appropriate action in the name of the County to enforce such right. Notwithstanding the foregoing, the EIA shall not have any subrogation rights to the extent the County waived its rights of subrogation for a Covered Loss prior to the Effective Date. The County shall not waive its subrogation rights with respect to any Covered Loss after the Effective Date without the prior written consent of the EIA.

Section 5: Exclusions

It is understood and agreed that this Agreement does not cover any of the following:

- A. Any Loss or ALAE arising out of an Occurrence which took place prior to November 1, 1979 or after June 30, 2010, including, but not limited to, the following claims:
1. Claim #0761-WC-75-0500080: Date of Loss = December 9, 1974.
 2. Claim #0761-WC-75-0500083: Date of Loss = January 1, 1975.
 3. Claim #0761-WC-76-0500096: Date of Loss = July 25, 1975.
 4. Claim #0761-WC-76-0500095: Date of Loss = March 24, 1976.
 5. Claim #0761-WC-76-0500090: Date of Loss = May 9, 1976.
 6. Claim #0761-WC-79-0500300: Date of Loss = February 11, 1979.
- B. Any Losses or ALAE included in the Paid Losses and ALAE amounts shown on Exhibit B.
- C. Any Unallocated Loss Adjustment Expense.
- D. Any obligation or liability, whether or not incurred or paid by the County, which is excluded or not otherwise covered under the applicable EWC Program MOCs during the period from November 1, 1979 through June 30, 2010.
- E. Any liability for County Counsel fees that the County incurs on any of the Covered Losses after the Effective Date.
- F. Any liability for Medicare conditional payments or penalties assessed to and/or paid by the County before the Effective Date or that are later assessed against the County as it relates to Medicare compliance issues arising out of actions by the County and/or its TPA before the Effective Date, and any costs incurred in the past or future for defense of Medicare conditional payment or penalty issues arising out of actions by the County and/or its TPA before the Effective Date.
- G. Any liability for additional fees, assessments or fines issued by or on behalf of the California Department of Industrial Relations (DIR) and/or its affiliated organizations as a result of any claims reporting on Covered Losses performed/completed by County to the DIR prior to the Effective Date of this agreement.
- H. Any penalties awarded by the WCAB on Covered Losses that are a direct result of the County's actions.

Section 6: Warranties and Covenants

- A. Material Change. The County warrants and represents that it shall not voluntarily undertake any obligation or take any other action that could materially impact its ability to fully and timely perform its obligations under

this Agreement, without the prior written consent of the EIA, which consent will not be unreasonably withheld or delayed.

- B. Handling of Claims/Settlements. The County warrants and represents that it shall use its best efforts to respond to inquiries from the EIA and/or the EIA/County's Third Party Claims Administrator ("TPA) regarding claims and shall not unreasonably withhold or delay any signatures necessary to resolve a claim, if such signatures is/are needed on a particular claim.
- C. Payments in the Ordinary Course. The County warrants and represents that it has handled and paid all claims and expenses arising out of or relating to its self-insured Program prior to the Effective Date in the ordinary course and that neither the payment not the incurrence of any claims or expenses has been intentionally delayed or postponed by the County in contemplation of this Agreement.
- D. Additional County Representations. The County warrants and represents that:
 - 1. The County has all requisite power and authority to enter into this Agreement, and to perform its obligations hereunder. The execution and delivery by the County of this Agreement, and the performance by the County of its obligations under this Agreement, been duly authorized by all necessary governmental action. This Agreement, when duly executed and delivered by the County, and subject to the due execution and delivery by the EIA, will be a valid and binding obligation of the County, enforceable against the County, its successors and permitted assigns, in accordance with its terms.
 - 2. The execution, delivery and performance of this Agreement and the consummation of the transactions completed hereby in accordance with the respective terms and conditions hereof will not violate any law or any order, judgment, injunction, award or decree of any governmental body against, or binding upon, or any agreement with, or condition imposed by, any person, binding upon the County as of the Effective Date.
 - 3. To the best of the County's knowledge, the loss information summarized in Exhibit B attached hereto and made part of this Agreement is an accurate representation of the loss experience of the County and payments made as of the Effective Date and is true, complete and correct in all material respects.
- E. Additional EIA Representations. The EIA warrants and represents that:

1. The EIA has all requisite power and authority to enter into this Agreement, and to perform its obligations hereunder. The execution and delivery by the EIA of this Agreement, and the performance by the EIA of its obligations under this Agreement, have been duly authorized by all necessary governmental action, including the EIA's Primary Workers' Compensation Committee at its meeting on May 17, 2019. This Agreement, when duly executed and delivered by the EIA, and subject to the due execution and delivery hereof by the County, will be a valid and binding obligation of the EIA, enforceable against the EIA, its successors and permitted assigns, in accordance with its terms.
2. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby in accordance with the respective terms and conditions hereof will not: (a) violate any provisions of the EIA's Primary Workers' Compensation Program, the Joint Powers Agreement, or its Bylaws; or (b) violate any law or any order, judgment, injunction, award or decree of any governmental body against, or binding upon, or any agreement with, or condition imposed by, any person, binding upon the EIA as of the Effective Date.

Section 7: No Waiver

- A. The making of any payment by the EIA under this Agreement shall not constitute a waiver of any of the EIA's rights under this Agreement or otherwise, or bar it from subsequently denying coverage for the claim and seeking recovery from the County of any amounts paid by the EIA under this Agreement.
- B. The failure of the County or the EIA to insist on compliance with any obligation contained in this Agreement or to exercise any right or remedy hereunder shall not constitute a waiver of any right or remedy contained herein nor stop either party from thereafter demanding full and complete compliance nor prevent either party from exercising such right or remedy in the future.

Section 8: Resolution of Disputes

Should any dispute arise regarding the terms or conditions of this agreement, the parties shall follow the Dispute Resolution provisions of the Joint Powers Agreement, Article 31.

Section 9: Notices

Any notice or consent required or permitted to be given under this Agreement shall be given to the respective parties in writing, by first class mail, postage prepaid, or otherwise delivered as follows:

To County: Risk Management 105 East
Anapamu Street, Suite 102
Santa Barbara, CA 93101
(805) 884-6865

To EIA: Attn: Chief Executive Officer
CSAC Excess Insurance Authority
75 Iron Point Circle, Suite 200
Folsom, CA 95630
(916) 850-7300

or at such other address or to such other person that the parties may from time to time designate. Notices and consents under this section, which are sent by mail, shall be deemed to be received five (5) days following their deposit in the U.S. mail.

Section 10: Assignment

In no event shall anyone other than the EIA and the County have any rights under this Agreement. The County shall not assign any of its rights or transfer any of its obligations under this Agreement without the prior written consent of the EIA and any attempt to so assign or so transfer without such consent shall be void and without legal effect. The EIA has the sole right and discretion, without need of prior written consent from the County, to assign or transfer the Covered Losses to another party or insurance carrier at any point after the Effective Date.

Section 11: Severability

If any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions hereof, and such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

Section 12: Entire Agreement and Amendment

In conjunction with the matters considered herein, this Agreement contains the entire understanding and agreement of the parties and there have been no promises, representations, agreements, warranties or undertakings by any of the parties, either oral or written, of any character or nature hereafter binding except as set forth herein. This Agreement may be altered, amended or modified only by an instrument in writing, executed by the parties to this Agreement and by no other means. Each party waives their future right to claim, contest or assert that this

Agreement was modified, canceled, superseded, or changed by any oral agreements, course of conduct, waiver or estoppel.

Section 13: Negotiated Agreement

This Agreement has been negotiated by the parties, and the fact that the initial draft and the final draft shall have been prepared by one party or the other shall not give rise to any presumption for or against any party to this Agreement, or be used in any form in the construction or interpretation of this Agreement or any of its provisions.

Section 14: Successors and Assigns

All representations, covenants and warranties set forth in this Agreement, by or on behalf of, or for the benefit of any or all of the parties hereto, shall be binding upon and inure to the benefit of such party, its successors and assigns.

Section 15: California Law

This Agreement shall be governed by the laws of the State of California. Any litigation regarding this Agreement or its contents shall be filed in the County of Santa Barbara, if in state court, or in the federal district court nearest to Santa Barbara, if in federal court.

Section 16: Execution of Counterparts

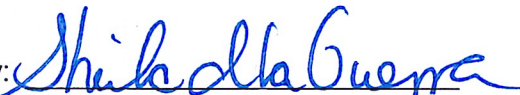
This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the parties shall preserve undestroyed, shall together constitute one and the same instrument.

Agreement for Services of Independent Contractor between the **County of Santa Barbara** and **CSAC Excess Insurance Authority**.


IN WITNESS WHEREOF, the parties have executed this Agreement to be effective on the date executed by COUNTY.

ATTEST:

Mona Miyasato
County Executive Officer
Clerk of the Board

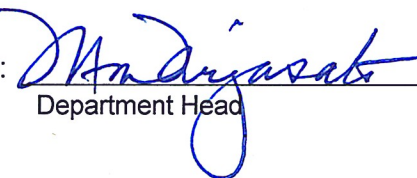
By: 
Deputy Clerk

COUNTY OF SANTA BARBARA:

By: 
Chair, Board of Supervisors
Date: 10-8-19

RECOMMENDED FOR APPROVAL:

County Executive Office

By: 
Department Head

CONTRACTOR:

CSAC Excess Insurance Authority

By: _____
Authorized Representative
Name: Mike Fleming
Title: Chief Executive Officer


APPROVED AS TO FORM:

Michael C. Ghizzoni
County Counsel

By: 
Deputy County Counsel

APPROVED AS TO ACCOUNTING FORM:

Betsy Schaffer, CPA
Auditor-Controller

By: 
Deputy

APPROVED AS TO FORM:

Risk Management

By: 
Risk Management

APPROVED AS TO FORM

CSAC Excess Insurance Authority
Chief Legal Counsel

By _____
Chief Legal Counsel

Agreement for services of Independent Contractor between the **County of Santa Barbara** and **CSAC Excess Insurance Authority**.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective on the date executed by COUNTY.

ATTEST:

Mona Miyasato
County Executive Officer
Clerk of the Board

By: _____
Deputy Clerk

COUNTY OF SANTA BARBARA:

By: _____
Chair, Board of Supervisors

Date: _____

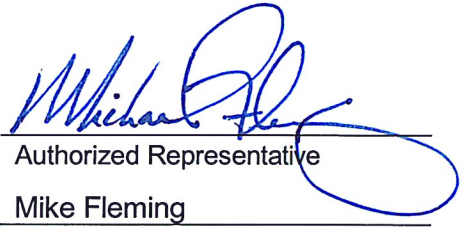
RECOMMENDED FOR APPROVAL:

County Executive Office

By: _____
Department Head

CONTRACTOR:

CSAC Excess Insurance Authority

By: 
Authorized Representative

Name: Mike Fleming

Title: Chief Executive Officer

APPROVED AS TO FORM:

Michael C. Ghizzoni
County Counsel

By: _____
Deputy County Counsel

APPROVED AS TO ACCOUNTING FORM:

Betsy Schaffer, CPA
Auditor-Controller

By: _____
Deputy

APPROVED AS TO FORM:

Risk Management

By: _____
Risk Management

APPROVED AS TO FORM

CSAC Excess Insurance Authority
Chief Legal Counsel

By: 
Chief Legal Counsel

Exhibit A

Between the period of November 1, 1979 and June 30, 2010, the County of Santa Barbara (“County”) obtained excess workers’ compensation coverage from CSAC-EIA (“EIA”) through the EIA’s Excess Workers’ Compensation (“EWC”) Program. During those years, the County was responsible for paying its self-insured retention (“SIR”) amount on each claim and, once the SIR was exhausted on a claim, the EIA reimbursed the County for amounts paid in excess of its SIR on the claim. Below is a list of the SIRs maintained by the County of Santa Barbara during the period from November 1, 1979 through June 30, 2010.

Period	SIR
11/1/79-10/31/80	\$250,000
11/1/80-10/31/81	\$250,000
11/1/81-10/31/82	\$250,000
11/1/82-10/31/83	\$250,000
11/1/83-10/31/84	\$250,000
11/1/84-10/31/85	\$250,000
11/1/85-10/31/86	\$250,000
11/1/86-10/31/87	\$250,000
11/1/87-10/31/88	\$500,000
11/1/88-6/30/89	\$500,000
7/1/89-6/30/90	\$500,000
7/1/90-6/30/91	\$500,000
7/1/91-6/30/92	\$500,000
7/1/92-6/30/93	\$500,000
7/1/93-10/4/93	\$500,000
10/5/93-6/30/94	\$500,000

Period	SIR
7/1/94-6/30/95	\$500,000
7/1/95-6/30/96	\$500,000
7/1/96-6/30/97	\$500,000
7/1/97-6/30/98	\$500,000
7/1/98-6/30/99	\$300,000
7/1/99-6/30/00	\$300,000
7/1/00-6/30-01	\$300,000
7/1/01-6/30/02	\$300,000
7/1/02-6/30/03	\$300,000
7/1/03-6/30/04	\$300,000
7/1/04-6/30/05	\$500,000
7/1/05-6/30/06	\$500,000
7/1/06-6/30/07	\$500,000
7/1/07-6/30/08	\$500,000
7/1/08-6/30/09	\$500,000
7/1/09-6/30/10	\$500,000

Exhibit B

To be Added after October 1, 2019

Exhibit C

AGREEMENT FOR WORKERS' COMPENSATION CLAIMS ADMINISTRATION SERVICE

This Agreement is entered into this First day of July 2011, between CORVEL Enterprise Company (hereinafter called "CORVEL"), and the County of Santa Barbara (hereinafter called "the County").

The parties agree to the following:

I. TERM

The period of this Agreement shall be from July 1, 2011 to June 30, 2012.

II. CONSIDERATION

See Exhibit B.

III. TERMINATION OF AGREEMENT

A. Either party may, by written notice, terminate this Agreement in whole or in part at any time, whether for convenience or because of the failure of either party to fulfill the obligations herein. Upon receipt of notice, CORVEL shall immediately discontinue all services effected (unless the notice directs otherwise), and deliver to the County all data, summaries, reports, and all other records, documents or papers as may have been accumulated or produced by CORVEL in performing this Agreement, whether completed or in process.

1. **For Convenience:** Either party may terminate this Agreement upon sixty-(60) days written notice. Following notice of such termination, CORVEL shall promptly cease work and notify the County as to the status of its performance. Notwithstanding any other payment provision of this Agreement, the County shall pay CORVEL for service performed to the date of termination to include a prorated amount of compensation due hereunder less payments, if any, previously made. In no event shall CORVEL be paid an amount in excess of the full price under this Agreement.

2. **For Cause**

- a. **By the County:** Should CORVEL default in the performance of this Agreement or materially breach any of its provisions, the County may, at the County's sole option, terminate this Agreement by written notice.
- b. **By CORVEL:** Should the County fail to pay CORVEL all or any part of the payment set forth as provided herein or materially breach the Agreement, CORVEL may, at CORVEL's option terminate this agreement if such failure is not remedied by the County within thirty (30) days of written notice to the County of such late payment or breach.

- B. Under this agreement, the County may terminate their relationship, without cause, with CORVEL upon sixty-(60) days written notice to CORVEL. Such termination by a Member will not effect this Agreement as it relates to the County or any other Members except for the amount of compensation due as outlined under Section II Consideration.
- C. All claim files and computer data are the property of the County and will be made available to the County. There will be no additional charge for downloading the data.

IV. **INCORPORATION OF PERFORMANCE STANDARDS**

- A. All claims administration services performed by CORVEL shall comply with those provisions set forth in the agreed upon Workers' Compensation Claims Administration Guidelines attached hereto as Exhibit A and incorporated herein as though fully set forth, including a maximum case load of 175. Should the attached Standards be amended, during the term of the Agreement, such amendments shall be deemed to be incorporated herein.

V. **CLAIMS ADMINISTRATION**

CORVEL shall provide the following workers' compensation claims management for the County:

- A. Review on behalf of the County all reports of injury as defined by Labor Code 3208 and 3208.1.
- B. Determine the benefits, if any, that should be paid or rendered under the California Workers' Compensation Laws upon receipt of each injury report.

- C. Establish and maintain an orderly claims file on each reported claim. Each file shall be available to Authority for inspection, with or without prior notice to CORVEL.
- D. Maintain an estimate of the total cost of all reasonably foreseeable benefits and related expenses on each case. Each cost shall be recorded separately in the following categories:
 - 1. Indemnity
 - 2. Medical
 - 3. Vocational Rehabilitation
 - 4. Allocated Expense
- E. Pay on behalf of the County from County funds, those sums that should reasonably be paid under the California Workers' Compensation Laws for each reported claim.
- F. CORVEL must obtain authorization from the County for any settlement.
- G. CORVEL has the responsibility to assign an attorney where appropriate at the direction of the County.
- H. CORVEL is required to timely and accurately submit loss data on a monthly, quarterly and annual basis as prescribed by the County.
- I. Pay on behalf of the County out of the County's fund all allocated loss adjustment expenses. For purposes of this Agreement, allocated loss adjustment expenses means all costs, charges and expenses payable to third parties that are properly chargeable to a reported claim or loss, and approved in advance by the County, when required. These shall include, without limitation, court costs, interest on awards and judgments, fees and expenses of attorneys, investigators, experts and witnesses, and fees for obtaining subpoenaed medical reports, diagrams, reports, documents and photographs. Any of the above services performed by salaried employees of CORVEL shall not be considered claims expenses.
- J. CORVEL will cooperate fully with all audit requests by the County or Member or other associated agencies.
- K. CORVEL, upon the execution of this agreement, and upon entering into any agreements as herein provided subsequent to the execution of this agreement, shall disclose in writing to the County any agreement, whether written or oral, that CORVEL has with any other person, firm, partnership, corporation, or other business entity to provide any services associated with CORVEL's provision of services pursuant to this agreement. Failure to

provide such information shall be deemed a material breach of the agreement.

VI. TRUST AGREEMENT

CORVEL shall set up a checking account on behalf of the client. CORVEL will issue checks as well as perform all reconciliations. The County is responsible for banking fees and would fund the account for a pre-determined amount of money for which CORVEL would request additional funding when the amount falls beneath a certain pre-determined threshold.

VII. INDEMNIFICATION, PENALTIES AND CITATIONS

Indemnification: CORVEL shall defend, indemnify and save harmless the County from any and all claims, demands, damages, costs, expenses (including attorney's fees), judgments or liabilities arising out of this Agreement or occasioned by the performance or attempted performance or the provisions hereof; including, but not limited to, any act or omission to act on the part of County except those claims, demands, damages, costs, expenses (including attorney's fees), judgments, or liabilities resulting from the negligence or willful misconduct of the County. CORVEL shall notify the County immediately in case of any accident, injury, or casualty arising out of or in connection with this Agreement.

CORVEL will be responsible for all penalties assessed except those that are the responsibility of the County, including:

- A. Failure by the County to provide an Employee Claim Form within twenty-four (24) hours upon request of the injured worker or his/her agent. Failure of employer to complete DWC-1 as required by the Labor Code, even when DWC-1 is submitted to the employer by an attorney.
- B. Failure by the County to provide CORVEL with an Employer's First Report within 5 days of the date of knowledge.
- B. Failure by the County to advise CORVEL of subsequent periods of disability after a worker returns to work.
- C. Failure by the County to advise CORVEL of the conclusion of salary continuation.
- D. Labor Code Section 5814 penalties awarded as a result of the above actions.
- E. Failure by the County to provide CORVEL with requested wage documentation within five (5) days of CORVEL's request.

The Medicare, Medicaid and SCHIP Extension Act of 2007 (MMSEA) 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 purpose of the MMSEA is to assist the Secretary of Health and Human Services in collecting information for pre-payment as well as post-payment coordination of benefits. This will essentially enable Medicare to stop making payments when another entity may be required to pay and to more easily and quickly recover any conditional payments Medicare has made in cases involving primary payers. The penalty for failure to comply is \$1,000 per day per claimant.

The County will be the Responsible Reporting Entity for County claims. CORVEL will be responsible for gathering and reporting the claims data required by the MMSEA and file reports with CMS on a timely and accurate basis. CORVEL agrees to assume the responsibility for reporting the data to meet all reporting requirements in accordance with the MMSEA on behalf of the County, including assuming responsibility for any fines or penalties that may result from CORVEL's non-compliance. CORVEL further agrees to indemnify and hold-harmless the County for any penalties or fines resulting from CORVEL's failure to timely and accurately report the data to the CMS, provided however that CORVEL shall not be liable for reporting inaccurate data or information the County provides to CORVEL.

VIII. STAFFING

- A.** CORVEL agrees to provide Self-Insurance Plans certificated claims examiners.
- B.** In the event that the County is dissatisfied with any claims person assigned to the account, the County will notify CORVEL of the dissatisfaction and the reason therefore. If the County, is still dissatisfied 60 days from notification, the County will notify CORVEL in writing and the examiner shall immediately be removed from the account.
- D.** The County's Claims staff will be responsible for quality assurance by performing a liaison role with CORVEL, conducting on-going field audits of CORVEL, and assisting CORVEL in the ultimate disposition of claims by providing valuable advice and assistance to CORVEL.

IX. FILE HANDLING AND STORAGE

- A. **Storage of Documents:** As long as the agreement is in effect, CORVEL will store, at their expense, closed files for the period of time required by law. At the termination of the agreement CORVEL will return all open and closed files to the County.
- B. **Ownership of Documents:** The County shall be the owner of the following items incidental to this Agreement: all data collected, all documents of any type whatsoever fully or partially produced, and any material necessary for the practical use of the data and/or documents from the time of collection and/or production whether or not performance under this Agreement is completed or terminated prior to completion. CORVEL shall not release any materials under this section except after prior approval of the County or as required by this agreement or by law.
- C. **Records, Audit and Review:** CORVEL shall keep such records pursuant to this Agreement as would be kept by a reasonably prudent practitioner of CORVEL's profession and shall maintain such records for at least four (4) years following the termination of this Agreement. The County shall have the right to audit and review all such documents and records at any time during CORVEL's regular business hours or upon reasonable notice.

X. **CASELOAD LIMITATION**

The claims examiner assigned to the County pursuant to this Agreement shall handle a caseload not to exceed 175 open indemnity claims. For the purpose of this Agreement open indemnity claims shall include all claims in litigation and claims where the employer has potential liability to pay for temporary or permanent disability and/or Compromise and Release. Future medical claims are counted at the ratio of 2:1 with every two future medical claims counting as one open indemnity claim.

XI. **MANAGED CARE COST CONTAINMENT SERVICES**

Managed Care Cost Containment Services shall be provided at a rate of 16% of total savings.

XIII. **INSURANCE REQUIREMENTS**

Insurance: CORVEL shall procure the following required insurance coverages at its sole cost and expense. Certificate(s) of insurance shall be furnished to the County prior to this Agreement becoming effective. Such insurance coverages, in the minimum limits as specified below, shall be maintained during the term of this Agreement and shall name the County as an insured. Failure to comply with the insurance requirements shall place CORVEL in default. Upon request by the County, CORVEL shall provide copies of any insurance policies to the County within ten (10) working days. The County may periodically review the minimum limits for the required insurance coverages. In the event of a change in the minimum limits, CORVEL shall inform the County of such change by giving written notice to the County no less than sixty (60) days prior to the effective date of such change.

All said policy or policies shall provide that the County shall be given thirty (30) days written notice prior to cancellation or expiration of the policy or material change or reduction in coverage.

A. WORKERS' COMPENSATION INSURANCE

CORVEL shall provide and maintain for all employees of CORVEL engaged in work under this agreement Workers' Compensation insurance as required by Labor Code Section 3700.

1. CORVEL shall be responsible for Workers' Compensation Insurance for any subcontractor who directly or indirectly provides services under this agreement.

B. COMPREHENSIVE GENERAL LIABILITY INSURANCE with minimum coverage of \$1,000,000 combined single limit to include:

1. Premises/Operations
2. Independent Contractors
3. Products/Completed Operations
4. Blanket Contractual
5. Broad Form Property Damage Endorsement

C. COMPREHENSIVE AUTOMOBILE LIABILITY INSURANCE with a minimum limit of coverage of \$1,000,000 combined single limit including owned, non-owned and hired vehicles.

D. PROFESSIONAL LIABILITY INSURANCE with a minimum limit of \$1,000,000 per occurrence.

1. Coverage for all Errors and Omissions which CORVEL, employees or any subcontractors may make which result in financial loss to the County or any Member.

- E. **THIRD PARTY CRIME INSURANCE** with limit of \$1,000,000 to protect the County from loss due to the actions of the claims administrator, its agents, owners, officers and employees or the criminal actions of third parties.

XIV. RELATIONSHIP OF CONTRACTOR

- A. CORVEL is an independent contractor for all purposes under this Agreement and shall be fully responsible for the manner and means of performing the services required of it herein. No officer or employee of CORVEL shall be considered an employee of the County or any Member.

XV. ASSIGNMENT

CORVEL shall not assign its rights and/or duties under this Agreement without the prior written consent of the County. Any assignment without such prior written consent shall be sufficient cause for termination of this Agreement.

XVI. NON-DISCRIMINATION

The County's Unlawful Discrimination Ordinance (Article XIII of Chapter 2 of the Santa Barbara County Code) applies to this Contract and is incorporated into the Contract by this reference with the same force and effect as if the ordinance were specifically set out herein, and CORVEL agrees to comply with that ordinance.

XVII. CONFIDENTIALITY

CORVEL agrees to maintain the confidentiality of all information it obtains or gains access to by virtue of this agreement, and shall disclose such information only as required by law and only as necessary for the performance of services under this agreement.

XVIII. COMPLIANCE WITH LAW

CORVEL shall, at his sole cost and expense, comply with all of the requirements of all local, State and Federal authorities now in force, or which may hereafter be in force, pertaining to this Agreement, and shall faithfully observe all local, State and Federal ordinances and statutes now in force or which may hereafter be in force. The judgment of any court of competent jurisdiction, or the admission of CORVEL in any action or proceeding against CORVEL, whether the County be a party thereto or not, that CORVEL has violated any such ordinance or statute, shall be conclusive of that fact as between CORVEL and the County.

CORVEL is responsible for mailing and filing information returns (1099s) with the Internal Revenue Service timely and electronically on behalf of the County under CORVEL's transmitter control code. CORVEL is responsible for following all IRS regulations regarding information returns, solicitation of TINs (taxpayer identification number), notices and withholding requirements. It is recommended that CORVEL make use of the IRS "e-services" for interactive and Bulk TIN matching to insure accurate filing. CORVEL is responsible for any penalties assessed for missing or inaccurate TINs or late or incomplete filed returns. In addition, CORVEL is responsible for meeting the "Report of Independent Contractor(s) DE 542 filing requirements of the State of California and any penalties for failure to comply.

XIX. NOTICES

All notices or other formal communications required under this Agreement shall be addressed and delivered by certified mail as follows:

CORVEL: CORVEL Corporation
2010 Main Street, Suite 600
Irvine, CA 92614

County: County of Santa Barbara
130 E. Victoria Street
Santa Barbara, CA 93101

XX. ENTIRE AGREEMENT

A. **Entire Agreement and Amendment:** In conjunction with the matters considered herein, this Agreement contains the entire understanding and

agreement of the parties and there have been no promises, representations, agreements warranties or undertakings by any of the parties, either oral or written, of any character or nature hereafter binding except as set forth herein. This Agreement may be altered, amended or modified only by an instrument in writing, executed by the parties to this Agreement and by no other means. Each party waives their future right to claim, contest or assert that this Agreement was modified, canceled superseded or changed by any oral agreements, course of conduct, waiver or estoppel.

- B. **Successors and Assigns:** The provision of this Agreement shall be fully binding on all successors and assigns of the parties.
- C. **Execution on Counterparts:** This Agreement may be executed in any number of counterparts and each of such counterpart shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the parties shall preserve undestroyed, shall together constitute one and the same instrument.

XXI. **CALIFORNIA LAW**

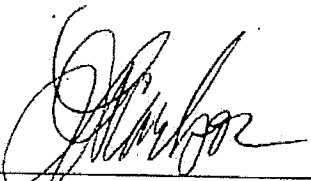
The Agreement shall be governed by the laws of the State of California. Any litigation regarding this agreement or its provisions shall be filed in the County of Santa Barbara, if in State Court, or in the Federal District Court nearest to Santa Barbara County, if in Federal Court.

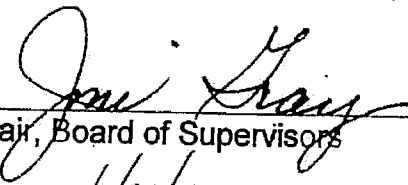
Agreement for services of Independent Contractor between the **County of Santa Barbara** and **CORVEL Corporation**.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective on the date executed by County.

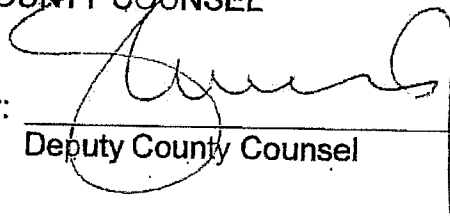
COUNTY OF SANTA BARBARA

ATTEST:
CHANDRA L. WALLAR
CLERK OF THE BOARD

By: 
Deputy Clerk


Chair, Board of Supervisors
Date: 6/21/11

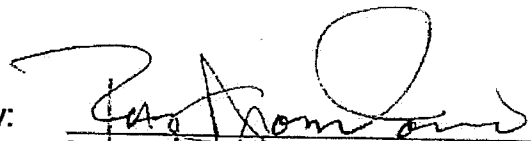
APPROVED AS TO FORM:
DENNIS MARSHALL
COUNTY COUNSEL

By: 
Deputy County Counsel

APPROVED AS TO ACCOUNTING FORM:
ROBERT W GEIS, CPA
AUDITOR-CONTROLLER

By: 
Deputy


APPROVED AS TO FORM:
RAY AROMATORIO
RISK MANAGER

By: 
Risk Manager

Agreement for services of Independent Contractor between the County of Santa Barbara and CORVEL Corporation.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective on the date executed by County.

CONTRACTOR

By: 
SCOTTY L. BENTON, AREA VICE PRESIDENT

Date: 6/7/11