



CITY COUNCIL REPORT

Meeting Date: **2/25/2014**
Meeting Type: **Voting**
Title: **AWARD OF PROPOSAL AND AUTHORIZATION TO ENTER INTO A CONTRACT WITH CORVEL ENTERPRISE COMP., INC. FOR WORKERS' COMPENSATION CLAIMS THIRD PARTY ADMINISTRATOR**
Staff Contact: **Jim Brown, Executive Director, Human Resources & Risk Management**

Purpose and Recommended Action

This is a request for City Council to award the Request for Proposal 13-43 and approve entering into a contract with CorVel Enterprise Comp., Inc. for workers' compensation claims third party administration (TPA) at a cost of \$102,500. Staff is recommending entering into a one year contract with the authorization to renew up to an additional four years, in one year increments, at the administration fees and per claim costs set forth in the Agreement.

Background

The city became self-insured for Workers' Compensation claims on July 1, 1994. The city has excess insurance above \$750,000 for each accident. The city uses a third party to administer its claims made by employees who, in the course of their employment, incur personal injury, sickness or disease. Claims are handled in accordance with state statutes, Arizona Workers' Compensation Act, Industrial Commission of Arizona rules and regulations and city policies and procedures. The city experiences approximately 178 claims per year and between 70 and 80 claims are open at any one time.

The prior TPA contract with Matrix expired June 30, 2013. The contract was extended through March 31, 2014 to allow staff to bid the services. RFP 13-43 was developed and issued in 2013. A total of five responses were received. A seven member committee, made up of city employees and one representative from another city, evaluated the responses received.

Analysis

The committee evaluated the proposals and awarded points based upon Compliance with Specifications, Service and Professional Effort, Cost, References, Interviews and Best and Final Offers. The consensus score for each was tabulated. The Proposal Tabulation results are attached. The highest score was achieved by CorVel and the committee recommended offering a contract to CorVel.



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The services being offered by CorVel will reduce staff time in documenting and reporting claims and will provide enhanced services to employees. Included in their fees is immediate and direct access to an on-call nurse. The nurse will assist in claims intake and injury assessment.

The annual administration fee is \$8,000 per year, Medicare reporting and management fees are \$12,000 per year and a one-time charge for set up is \$2,500. For the first year of the contract the total annual cost is \$22,500. The cost, after the first year, is \$20,000. The total cost of the Agreement for the contract period is \$102,500.

On November 6, 2013, the Workers' Compensation Trust Fund Board was presented with the committee's recommendations to offer a contract to CorVel and they concurred with staff's recommendation.

Pending City Council approval, the city will transition to CorVel effective April 1, 2014.

Previous Related Council Action

Council previously approved RFP 07-08 and approved the TPA Agreement for workers' compensation third party claims administration.

Budget and Financial Impacts

CorVel's per claim fees are less than the expiring contract which reflects an overall nine percent savings with enhanced services. Claims being taken over from the prior TPA will be handled at no additional cost. The workers' compensation trust fund is used to pay workers' compensation claims and is funded based upon actuarial analysis and Industrial Commission of Arizona funding requirements. The total cost of the contract is \$102,500.

Cost	Fund-Department-Account
\$102,500	2560-18110-518200, Workers' Compensation Trust Fund

Capital Expense? Yes No

Budgeted? Yes No

Requesting Budget or Appropriation Transfer? Yes No

If yes, where will the transfer be taken from?



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Attachments

Agreement

Bid Tab

CorVel Enterprise Comp Services Agreement

This Enterprise Comp Services Agreement (this "Agreement") is entered into as of the Effective Date set forth below, by and between CorVel Enterprise Comp, Inc., ("CorVel") and the customer identified below ("Customer") to govern Customer's and CorVel's rights to provide Customer workers' compensation claims management services and managed care services for the Workers' Compensation Employee Benefit Plan or Program. This Agreement consists of and incorporates the following components:

- This Cover and Signature Page**
- General Terms and Conditions**
- Exhibit A: Workers' Compensation Management Services**
- Exhibit A-1: Scope of Work**
- Exhibit B: Fees**
- Exhibit C: CareMC License Agreement**
- Exhibit D: CorVel Insurance Requirements**
- Exhibit E: Customer Insurance Coverage Limits**

1. **Effective Date:** April 1, 2014

2. **CorVel Address and Contact:**
CorVel Corporation
2010 Main Street, Suite 600
Irvine, California 92614
Attn: Director, Legal Services
Phone: (949) 851-1473
Fax: (866) 434-2469
Email: Corporate_Legal@corvel.com

3. **Customer Address and Contact:**
City of Glendale
5850 West Glendale Avenue, B-56
Glendale Arizona 85301
Attn: Victoria Jackson, CPPM
Phone: 623-930-2867
Email: vjackson@glendaleaz.com

By signing below, each party acknowledges his/her agreement with the terms and conditions of this Agreement and represents and certifies that he/she is authorized to sign on behalf of and to bind each of the respective signatories to all of the terms and conditions of this Agreement as of the Effective Date.

CORVEL ENTERPRISE COMP, INC. :

By: Richard Schweppe
Name: Richard Schweppe
Title: Director of Finance

CUSTOMER – CITY OF GLENDALE:

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:

Michael Bailey, City Attorney

ATTEST:

Pam Hanna, City Clerk

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GENERAL TERMS & CONDITIONS

RECITALS

WHEREAS, Customer maintains for the benefit of its employees, the Workers' Compensation Plan for Arizona ("Plan"), Customer will have exclusive authority and responsibility for the Plan, its operation and compliance with applicable law.

WHEREAS, CorVel Corporation is in the business of providing an integrated workers' compensation claims administration cost containment program (the "Services") through its two wholly-owned, operating subsidiaries, CorVel Enterprise Comp, Inc., which provides claims management services, and CorVel Healthcare Corporation, which provides managed care services (collectively referred to here as "CorVel"); and

WHEREAS, CorVel has developed a proprietary software solution (the "CareMC Application") which is accessible via the CorVel web site located at URL www.caremc.com (the "CareMC Site"), through which CorVel provides its customers with the option of utilizing certain Services online (the "Online Services"); and

WHEREAS, Customer desires to retain CorVel to provide certain Consulting and Administrative Services in connection with the "Plan", including Online Services, for the benefit of Customer and its insureds and/or their injured employees; and

WHEREAS, CorVel and Customer wish to enumerate both the Customer's and CorVel's responsibilities to provide such Services and Online Services, all under the terms and conditions set forth in this Agreement.

NOW THEREFORE, for and in consideration of the agreements, covenants, representations and warranties set forth herein, and other good and valuable consideration provided by the parties, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

AGREEMENT

1. SERVICES

A. Exclusivity. CorVel shall be the exclusive provider of all Services to Customer during the Term of this Agreement. The Customer reserves the right to unbundle any managed care services (durable medical equipment, physical therapy, diagnostics, independent medical evaluations and nurse case management) if it is in the best interest of the Customer to contract with another company for a portion of any service with the exception of CorVel's Third Party Administration Services, Bill Review Services, Enhanced Bill Review Services, Access to CorVel's PPO Network Services, CorVel's Pharmacy Program Services. The change to services will be agreed to in writing between both parties.

B. Terms and Conditions of Services. The claims administration Scope of Services described on Exhibit A and Exhibit A-1, attached hereto and made part of this Agreement shall be provided by CorVel Enterprise Comp, Inc. and the managed care services by CorVel Healthcare Corporation .

2. FEES

A. Fees, Billing and Payment. The fees and billing and payment procedures for the Services and CareMC Application are set forth on Exhibit B ("Fees"), attached hereto and made part of this Agreement. Customer agrees to pay CorVel Fees within thirty (30) days of receipt of its invoice. If any portion of CorVel's Fees remain unpaid 30 days after the written bill is mailed to Customer by CorVel, CorVel agrees to provide written notice to Customer of the unpaid charges. If Customer fails to pay the undisputed fees in full within thirty (30) days of receipt of the late notice, CorVel may assess a late fee as provided herein and or terminate the Agreement pursuant to Section 7C of the Agreement hereunder.

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B. Late Fees. A late fee of two percent (2%) per month or the highest rate allowed under the law, whichever is lower, shall be assessed against overdue amounts, as detailed above.

C. Taxes. All charges and fees exclude taxes. If CorVel is required to pay sales, use, value-added or other taxes resulting from services rendered under this Agreement, then such taxes will be billed to and paid by Customer. Customer shall not be responsible for taxes based on CorVel's income.

D. Customer's Audit Rights. During the Term of this Agreement and for a period of at least seven (7) year period following the expiration or termination hereof, CorVel shall keep accurate records related to the provision of the Services performed under this Agreement. Such records shall be open for audit, at expense to Customer, by Customer or a reputable, independent certified public accounting firm (not working on a contingency fee basis, and reasonably acceptable to CorVel) at the local CorVel office or another location mutually agreed to by the parties for the purpose of verifying CorVel's compliance with the terms and conditions of this Agreement, provided such audits are conducted (i) no more than twice per calendar year unless a material breach by CorVel occurs, (ii) during CorVel's regular business hours, (iii) upon no less than thirty (30) days advance written notice to CorVel, (iv) for an audit period not to exceed twenty four (24) months prior to the date of audit, and (v) Customer or Customer's designee shall endeavor to provide the results of such audit to CorVel within a reasonable time frame including a complete list of all individuals or entities who were provided any CorVel information as a result of such audit and Customer or Customer's designee shall return all materials provided for such audit at the conclusion of the audit, if any. Upon Customer's reasonable written request, no more than twice per calendar year, CorVel agrees to provide Customer with a copy of the results of CorVel's most recent internal SSAE16 audit, which results shall be CorVel's Confidential Information. Notwithstanding anything to the contrary herein, in no event shall Customer be permitted to audit CorVel's information technology systems or facilities or any other records of CorVel other than claims files related to the provision of Services performed under this Agreement.

E. CorVel's Audit Rights. During the Term of this Agreement and in accordance with the Customer's applicable records retention policies, and for a period of one (1) year following the expiration or termination hereof, Customer shall keep accurate books and records supporting Customer's calculations of the amounts payable to CorVel hereunder and Customer's compliance with its obligations under this Agreement. Such records shall be open for audit by CorVel or CorVel's certified public accountants for the purpose of verifying Customer's compliance with its payment and other obligations under this Agreement provided such audits are conducted (i) no more than twice per calendar year; (ii) during Customer's regular business hours, and (iii) upon no less than thirty (30) days advance written notice to Customer.

3. REPRESENTATIONS, WARRANTIES AND COVENANTS OF CUSTOMER

A. Authority. Customer represents and warrants that (i) it has all necessary corporate power and authority to enter into this Agreement and to perform its obligations hereunder, and the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate actions on its part, (ii) this Agreement constitutes a legal, valid and binding obligation of Customer, enforceable against it in accordance with its terms, and (iii) the execution, delivery and performance of this Agreement will not constitute a violation of any judgment, order or decree or a breach of a material agreement that would materially impair or prevent Customer from complying with its obligations under this Agreement.

B. Authorizations. Customer represents and warrants that (i) it has obtained or shall obtain such authorizations or approvals as are required for CorVel to perform the services described in this Agreement, including but not limited to receiving and disclosing patient-specific data as contemplated hereunder, (ii) it shall maintain the compliance of its workers' compensation program under all applicable laws, (iii) it

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has obtained and shall maintain during the Term any regulatory approval needed in order for CorVel to perform its obligations hereunder, and (iv) it shall promptly notify CorVel if any such approval is terminated, suspended or otherwise materially limited.

C. Insurance. For the term of this Agreement, Customer agrees to keep in force at its sole expense errors and omissions liability, workers' compensation, general and auto liability insurance or self-insurance coverage's with limits in accordance with Exhibit E attached hereto. Upon request by CorVel, Customer shall furnish CorVel with a certificate of such insurance or self-insurance. Customer shall provide CorVel with prior written notice of any cancellation or non-renewal to any such insurance coverage's in accordance with Customer's policy provisions. It is agreed that Customer shall be deemed in compliance with this Section 3C by being self-insured under terms and conditions and with sufficient funds as may be required by the Industrial Commission of Arizona.

D. Non-Solicitation. As a material inducement to CorVel to provide the Services set forth in the Agreement, Customer agrees that during the Term of this Agreement and for a period of one (1) year after any expiration or termination thereof, Customer shall not, directly or indirectly, recruit or solicit for employment, employ or in any manner engage the services of or otherwise interfere with the employment relationship of any CorVel employee who was in any way involved in providing services to Customer pursuant to the Agreement without the prior written consent of CorVel. In the event Customer breaches this covenant of non-solicitation and non-employment, CorVel shall be entitled to recover the amount of one (1) times annual salary per employee from Customer as liquidated damages. The parties acknowledge that CorVel's actual damages in the event of such a breach by Customer would be extremely difficult or impracticable to determine and acknowledge that this liquidated damages amount has been agreed upon as a reasonable estimate of CorVel's damages and as CorVel's exclusive remedy against Customer in the event of a breach of this Section 3D by Customer. The parties further agree that in any action brought on account of any alleged breach of this covenant, the prevailing party shall be entitled to recover its reasonable attorney's fees and costs.

4. REPRESENTATIONS, WARRANTIES AND COVENANTS OF CORVEL

A. Authority. CorVel represents and warrants that (i) it has all necessary corporate power and authority to enter into this Agreement and to perform its obligations hereunder, and the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate actions on its part, (ii) this Agreement constitutes a legal, valid and binding obligation of CorVel, enforceable against it in accordance with its terms, and (iii) the execution, delivery and performance of this Agreement will not constitute a violation of any judgment, order or decree or a breach of a material agreement that would materially impair or prevent CorVel from complying with its obligations under this Agreement.

B. Limitation on Financial Responsibility. At no time will CorVel pay a Claim that exceeds the aggregate amount of Customer's contributions in the Bank Account or Voucher Account, at the time of payment. However CorVel shall not be responsible for any penalties, fees, costs, or any damages which result from non-funding of the bank account and Customer shall indemnify defend and hold harmless CorVel for any third party claims which arise from such non-funding.

C. Performance. CorVel represents and warrants that (i) it has the necessary knowledge, skills and experience to provide and perform the Services in accordance with the Agreement, and (ii) it will perform the Services in a diligent, professional and workmanlike manner using an Arizona licensed adjuster dedicated to Customer's account who is properly trained and qualified in accordance with applicable industry standards. Performance Guarantees will be developed and agreed to in writing as part of the Special Account Instructions. These Performance Guarantees may be changed from time to time and by

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reference are made part of this Agreement. Any changes to the Performance Guarantees does not require an Amendment, but an agreement by both parties.

D. Insurance. CorVel represents and warrants that it has and agrees that it will maintain at all times during the Term of this Agreement the required insurance as specified in Exhibit D of this Agreement. A Certificate of Insurance shall be provided by CorVel evidencing all required insurance within ten (10) days of execution of the Agreement.

5. DISCLAIMERS

A. Coverage and Compensability. SUBJECT TO APPLICABLE STATE REGULATIONS, CODES AND STATUTES, CORVEL SHALL RETAIN FINAL DECISION MAKING AUTHORITY AS TO COMPENSABILITY AND COVERAGE DETERMINATION WITH INPUT FROM CUSTOMER. THIS AUTHORITY EXTENDS TO DETERMINATIONS REGARDING THE PAYMENT OF BENEFITS AS REQUIRED BY LAW, WITHIN THE CUSTOMER'S ESTABLISHED PARAMETERS AND CONTRACT TERMS GOVERNING CORVEL'S PERFORMANCE OF THE SERVICES.

B. Duty of Cooperation. CUSTOMER ACKNOWLEDGES THAT ACCURATE AND LEGALLY SOUND DETERMINATIONS AS TO COMPENSABILITY AND THE PROVISION OF BENEFITS REQUIRES COOPERATION AND ACCESS TO CUSTOMER MATERIALS, DOCUMENTS, AND WITNESSES. CUSTOMER AGREES TO COOPERATE FULLY IN ALL ASPECTS OF CORVEL'S INVESTIGATION IN ORDER TO ENSURE FULL COMPLIANCE WITH ALL APPLICABLE WORKERS' COMPENSATION STATUTES.

C. Healthcare Authority. SUBJECT TO APPLICABLE STATE REGULATIONS, CODES AND STATUTES, CORVEL AND ITS AGENTS HAVE NO AUTHORITY TO CONTROL OR DIRECT THE HEALTH CARE SERVICES PROPOSED FOR OR PROVIDED TO INJURED PERSONS. THIS AUTHORITY SHALL LIE ONLY WITH THE INJURED PERSON AND HIS/HER TREATING PHYSICIAN IN ANY CASE, AND THOSE INDIVIDUALS MAY ACCEPT, REJECT OR MODIFY ANY ADVISORY DETERMINATIONS MADE BY CORVEL OR ITS AGENTS, EXCEPT INsofar AS STATE WORKERS' COMPENSATION LAWS MAY REQUIRE THEM TO FOLLOW THE DETERMINATIONS OF CUSTOMER, CORVEL, CUSTOMER'S AGENTS, A WORKERS' COMPENSATION JUDGE OR REVIEW PANEL, OR ANOTHER THIRD PARTY.

D. No Interference with Practice of Medicine. Neither CorVel nor Customer shall attempt, directly or indirectly, to control, direct or interfere with the practice of medicine by any health care provider.

6. INDEMNIFICATION.

A. CorVel shall indemnify, defend, save and hold harmless Customer and its officers, officials, agents, and employees (hereinafter referred to as "Indemnitee") from and against any and all third party claims, actions, liabilities, damages, losses, or expenses (including court costs, attorneys' fees, and costs of claim processing, investigation and litigation) (hereinafter referred to as "Claims") for bodily injury or personal injury (including death), or loss or damage to tangible or intangible property caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of CorVel or any of its owners, officers, directors, agents, employees or subcontractors. This indemnity includes any claim or amount arising out of or recovered under the Workers' Compensation Law or arising out of the failure of CorVel to conform to any federal, state or local law, statute, ordinance, rule, regulation or court decree. It is the specific intention of the parties that the Indemnitee shall, in all instances, except for Claims arising solely from the negligent or willful acts or omissions of the Indemnitee, be indemnified by CorVel from and against any and all third party claims. It is agreed that CorVel will be responsible for primary loss investigation, defense and judgment costs where this indemnification is applicable. In

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consideration of the award of this contract, CorVel agrees to waive all rights of subrogation against Customer, its officers, officials, agents and employees for losses arising from the work performed by the CorVel for Customer. Notwithstanding that, CorVel shall not be responsible for Claims which arise to the extent of Customer's negligent acts, errors, omissions, willful misconduct or fraud.

B. Conditions. The parties' indemnification obligations under this Section 7 are contingent upon: (i) the indemnified party giving prompt written notice to the indemnifying party of any claim under this Section (provided, however, that failure to give such notification shall not affect the indemnification provided hereunder except to the extent, and only to the extent, that the indemnifying party shall have been actually prejudiced as a result of such failure), (ii) the indemnifying party having the right, but not the obligation, to assume sole control of the defense or settlement of the claim, and (iii) at the indemnifying party's request and expense, the indemnified party cooperating in the investigation and defense of such claim(s). If the indemnifying party assumes the defense of any claim hereunder, the indemnified party shall be entitled to participate in (but not control) such defense and to retain its own counsel, at its own expense. The indemnifying party shall not settle or consent to an adverse judgment in any such claim that adversely affects the rights or interests of the indemnified party or imposes additional obligations on the indemnified party, without the prior express written consent of the indemnified party.

7. TERM AND TERMINATION.

A. **Term.** The initial term of this Agreement shall begin on April 1, 2014 and continue for a period of one (1) year from the Effective Date (the "Initial Term"). The Customer will have the option to renew up to an additional four (4) years in one (1) year increments if agreed to in writing by both parties and based upon satisfactory performance. The Initial Term and any subsequent Renewal Term(s) are collectively referred to herein as the "Term". CorVel shall be notified in writing by the Customer of the Customer's intention to extend the contract period at least 30 calendar days prior to the expiration of the original contract period. Price adjustments will only be reviewed during contract renewal. If fee negotiations should extend beyond the renewal date, Customer agrees to pay CorVel a minimum of the fee rates in force at time of renewal until such time renewal fees are finalized or until termination.

B. **Termination for Convenience.** This Agreement may be terminated by either party for convenience upon one hundred eighty (180) days prior written notice to the other party after the Initial Term of one (1) year.

C. **Termination for Cause.** This Agreement may be terminated by either party for cause as follows: (i) upon thirty (30) days written notice if the other party breaches or defaults under any material provision of this Agreement or the CareMC License Agreement and does not cure such breach prior to the end of such thirty (30) day period, (ii) if the other party ceases to do business, or otherwise terminates its business operations, except as a result of an assignment permitted under the terms and conditions of this Agreement, or (iii) if the other party becomes insolvent or seeks protection under any bankruptcy, receivership, trust deed, creditors arrangement, composition or comparable proceeding, or if any such proceeding is instituted against the other and continues for ninety (90) days undismissed, unbonded and undischarged.

D. **Effects of Termination.** Termination or expiration of this Agreement shall have the following effects: (i) all outstanding unpaid invoices rendered by CorVel shall become immediately payable by Customer and invoices in respect of services provided prior to termination but for which an invoice has not been submitted shall be payable immediately by upon submission of an invoice by CorVel, (ii) all licenses granted to Customer under this Agreement (including any and all Exhibits) shall terminate immediately, (iii) all rights of Customer to use the CareMC Application and Online Services shall cease immediately, (iv) provided Customer has paid all outstanding amounts due to CorVel under this Agreement, CorVel shall provide Customer with any proprietary data belonging to Customer, including but not limited to claim history, in the current format in which it is stored at CorVel at the termination of the Agreement, and (v)

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each party shall promptly return all claims files, information, documents, manuals and other materials belonging to the other party, whether in printed or electronic form, except as otherwise provided in this Agreement, including without limitation all Confidential Information of the other party then currently in its possession.

E. Survival. Except to the extent expressly provided to the contrary in this Agreement, any rights to accrued payments, any right of action for breach of the Agreement prior to termination, and the following provisions shall survive the termination of this Agreement: Sections 2B-2E, 3A, 3B, 3D, 4A, 4B, 5, 6, 7, 8E, 9, 10, 11 (as applicable) and the provisions identified the Section of the CareMC License Agreement titled "Effect of Termination".

F. In the event of termination of the agreement, at Customer's option, CorVel will work with Customer to facilitate a smooth transition to the new administrator for a period of ninety (90) days. This will ensure no lapse in payment of benefits to injured workers. This also includes advance payment of benefits and authorization of medical treatment as deemed necessary until such time is agreed upon with Customer to cease administration of active claims. In the event of termination, run off pricing will be negotiated if Customer requests for CorVel to handle all open claims to conclusion. CorVel will provide all historical loss summaries to the new Third Party Administrator prior to the termination date at no charge to the Customer. CorVel will work closely with the new Third Party Administrator in transferring of the electronic claims history in a timely manner at no charge in an industry standard data format. If the Agreement is terminated for cause by CorVel pursuant to 8C of this Agreement, CorVel shall not be obligated to perform such transition services. CorVel shall be paid for all continued services pursuant to Exhibit B of this Agreement during such transition period.

8. CONFIDENTIALITY

G. Definition of Confidential Information. "Confidential Information" shall mean any non-public data, information and other materials regarding the products, services or business of a party (and/or, if either party is bound to protect the confidentiality of any third party's information, of a third party) provided to either party by the other party where such information is marked or otherwise communicated as being "proprietary" or "confidential" or the like, or where such information should, by its nature, be reasonably considered to be confidential and/or proprietary. Without limiting the foregoing, the parties agree that (i) the CareMC Application, Documentation, CorVel Content (as defined in the in the CareMC License Agreement) and all software, source code, source documentation, inventions, know-how, and ideas, updates and any documentation and information relating thereto constitutes Confidential Information of CorVel, (ii) the Customer Data (as defined in the CareMC License Agreement) constitute Confidential Information of Customer, and (iii) this Agreement and Exhibits attached hereto, and the terms and conditions set forth herein and therein are Confidential Information of both parties.

H. Disclosure and Use of Confidential Information. The Confidential Information disclosed by either party ("Disclosing Party") to the other ("Receiving Party") constitutes the confidential and proprietary information of the Disclosing Party and the Receiving Party agrees to treat such Confidential Information in the same manner as it treats its own similar proprietary information, but in no case will the degree of care be less than reasonable care. The Receiving Party shall use the Confidential Information of the Disclosing Party only in performing under this Agreement and shall retain the Confidential Information in confidence and not disclose it to any third party (except as authorized under this Agreement and under Arizona Public Records Law) without the Disclosing Party's express written consent. The Receiving Party shall disclose the Disclosing Party's Confidential Information only to those employees and contractors of the Receiving Party who have a need to know such information for the purposes of this Agreement, and such employees and contractors must be bound by this Agreement or have entered into agreements with the Receiving Party containing confidentiality provisions covering the Confidential Information with terms and conditions at least as restrictive as those set forth herein.

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I. Exceptions. Notwithstanding the foregoing, the parties' confidentiality obligations hereunder shall not apply to information which: (i) is already known to the Receiving Party prior to disclosure by the Disclosing Party, (ii) becomes publicly available without fault of the Receiving Party, (iii) is rightfully obtained by the Receiving Party from a third party without restriction as to disclosure, (iv) is approved for release by written authorization of the Disclosing Party, (v) is developed independently by the Receiving Party without use of or access to the Disclosing Party's Confidential Information, or (vi) is required to be disclosed by law, rule, regulation, court of competent jurisdiction or governmental order, provided, however, that the Receiving Party shall advise the Disclosing Party of the Confidential Information required to be disclosed promptly upon learning thereof in order to afford the Disclosing Party a reasonable opportunity to contest, limit or assist the Receiving Party in crafting the disclosure, and then such disclosure shall be made only to the extent necessary to satisfy such requirements.

J. Use of Data. Nothing shall prohibit CorVel from using aggregate, non-identifying, statistical data generated through its customers', including Customer, use of the CareMC Application and Online Services for marketing purposes, provided that CorVel shall not use or disclose any such data or information in a manner that would reveal the identity of, or other confidential information concerning, Customer. Such aggregate, non-identifying statistical data could include, without limitation, statistics regarding usage of the CareMC Application and Online Services, the number of case referrals generated through the CareMC Application and Online Services and the efficiencies gained by CorVel customers through their use of the CareMC Application and Online Services.

6. GOVERNING LAW

This Agreement shall be governed by and construed under the laws of the State of Arizona and the United States without regard to conflicts of laws provisions thereof. The parties expressly agree that the United Nations Convention on Contracts for the International Sale of Goods is specifically excluded from application to this Agreement.

7. DISPUTE RESOLUTION

A. Negotiation and Escalation of Disputes. In the event of any dispute, controversy or claim arising from or relating to this Agreement or the breach thereof, the parties will attempt in good faith to negotiate a solution to their differences, including progressively escalating any claim through senior levels of management. If negotiation does not result in a resolution of the claim within thirty (30) days of the date when one party first notifies the other of the claim, any party desiring to pursue that claim must do so exclusively pursuant to the arbitration provision set forth below.

B. Arbitration Provision. Any controversy, claim or dispute arising out of or relating to this Agreement or any breach of it, including, but not limited to, any dispute concerning the scope of this arbitration clause and any tort action, will be settled in Superior Court, State of Arizona, County of Maricopa.

C. Fees and Costs. In any action or proceeding to enforce rights under this Agreement, the prevailing party shall be entitled to an award of reasonable attorneys' fees and costs.

8. GENERAL PROVISIONS

A. Contacts for Notices. The parties' contacts for notices to be provided under this Agreement shall be as set forth on the cover pages to this Agreement.

B. Assignment. Neither this Agreement nor any rights, licenses or obligations hereunder, may be assigned by either party without the prior written consent of the non-assigning party. Notwithstanding the foregoing, CorVel may assign this Agreement to any acquiror of all or of substantially all of CorVel's

equity securities, assets or business related to the subject matter of this Agreement. Any attempted assignment in violation of this Agreement shall be void and without effect.

C. Severability. Should any term of this Agreement be declared void or unenforceable by any court of competent jurisdiction, such declaration shall have no effect on the remaining terms hereof, which shall continue in full force and effect.

D. Waiver. The failure of either party to enforce any rights granted hereunder or to take action against the other party in the event of any breach hereunder shall not be deemed a waiver by that party as to subsequent enforcement of rights or subsequent actions in the event of future breaches.

E. Relationship of the Parties. The relationship of CorVel and Customer established by this Agreement is that of independent contractor, and nothing contained in this Agreement shall be construed to (i) give either party the power to direct or control the day-to-day activities of the other, (ii) constitute the parties as partners, franchisee-franchiser, joint venturers, co-owners or otherwise as participants in a joint or common undertaking, or (iii) otherwise give rise to fiduciary obligations between the parties.

F. Force Majeure. Except for the obligation to make payments, nonperformance by either party shall be excused to the extent that performance is rendered impossible by war, acts of terrorism, strikes, fire, flood, hurricane, governmental acts or orders or restrictions, failure of suppliers, or any other reason where failure to perform is beyond the control of the non-performing party.

G. Entire Agreement; Amendments. This Agreement and the Exhibits attached hereto constitute the entire, final, complete and exclusive agreement between the parties and supersedes all previous agreements or representations, oral or written, relating to the subject matter of this Agreement. This Agreement may not be modified or amended except in writing signed by a duly authorized representative of each party. Both parties acknowledge having read the terms and conditions set forth in this Agreement and all attachments hereto, understand all terms and conditions, and agree to be bound thereby.

H. Counterparts; Facsimile Signatures. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery of a facsimile copy of a manually signed signature to this Agreement shall be deemed to be valid execution of this Agreement by the signatory.

I. Immigration Law Compliance

a. CorVel, and on behalf any subcontractor, warrants, to the extent applicable under A.R.S. § 41-4401, compliance with all federal immigration laws and regulations that relate to their employees as well as compliance with A.R.S. § 23-214(A) which requires registration and participation with the E-Verify Program.

b. Any breach of warranty under this section above is considered a material breach of this Agreement and is subject to penalties up to and including termination of this Agreement. Customer retains the legal right to inspect the papers of CorVel or subcontractor employee who performs work under this Agreement to ensure that CorVel or any subcontractor is compliant with the warranty under this section.

i.4 Customer may conduct random inspections, and upon request of the Customer, CorVel must provide copies of papers and records demonstrating continued compliance with the warranty under this section. CorVel agrees to keep papers and records available for inspection by the Customer during normal business hours and will cooperate with Customer in exercise of its

statutory duties and not deny access to its business premises or applicable papers or records for the purposes of enforcement of this section.

c. CorVel agrees to incorporate into any subcontracts under this Agreement the same obligations imposed upon itself and expressly accrue those obligations directly to the benefit of the Customer. CorVel also agrees to require any subcontractor to incorporate into each of its own subcontracts under this Agreement the same obligations above and expressly accrue those obligations to the benefit of the Customer.

d. CorVel's warranty and obligations under this section to the Customer is continuing throughout the term of this Agreement or until such time as the Customer determines, in its sole discretion, that Arizona law has been modified in that compliance with this section is no longer a requirement.

e. The "E-Verify Program" above means the employment verification program administered by the United States Department of Homeland Security, the Social Security Administration, or any successor program.

EXHIBIT A

Workers' Compensation Claims Management Services Terms and Conditions

I. DESCRIPTION OF WORKERS' COMPENSATION CLAIMS MANAGEMENT SERVICES

- (a) Customer shall promptly notify CorVel of all incidents subject to the services described in this Agreement.
- (b) First report of loss services involve gathering pertinent information related to a work injury and reporting such information to the appropriate state industrial accident board or commission as required by law, and is used to facilitate CorVel's initial review of the claim to determine whether the claim is likely to be medical-only or lost time and to help guide the initial determination of Services that may be required ("First Report Services").
- (c) CorVel's Workers' Compensation Claims Management services provide Customer with a process to comply with Customer's workers' compensation issues in the applicable jurisdiction. CorVel shall provide workers' compensation claims management services set forth herein to Customer on behalf of employees that sustain work related injuries ("Injured Employees"). With the prior approval and agreed upon by Customer, CorVel may subcontract with a third party to provide some portion or all of its claims management services obligations hereunder.

II. DELIVERY OF FIRST REPORT OF LOSS SERVICES

- (a) CorVel shall provide First Report Services to Customer upon receipt by CorVel Prior to the implementation of CorVel First Report Services and as required during the Term of this Agreement, Customer may provide CorVel with instructions regarding the scope and extent of the First Report to be performed by CorVel. Absent such instruction, CorVel First Report Services shall be performed as described below.
- (b) Customer shall initiate First Report Services by (i) entering such information online through CareMC, (ii) calling CorVel via a toll free number provided by CorVel, or (iii) faxing or emailing such information to the CorVel intake specialist. Customer or the Customer representative entering such information on CareMC, making such calls, or faxing or emailing such information shall provide CorVel with all information required to complete the First Report of Loss form required by the applicable state ("Required Information"). Required Information generally includes the following: name/address of claimant, date of incident, description of injuries, social security number, date of birth, employer, salary, and other descriptive information reasonably required by CorVel, and may include information required by applicable statute (e.g., employer TIN). CorVel shall (i) provide sufficient staff to handle all incoming calls, and (ii) be prepared to complete First Report of Loss forms for all applicable states.
- (c) Once the Required Information is validated and confirmed by a CorVel representative, First Report of Loss forms will be made available to Customer through the CareMC Application. CorVel will, provide a hard copy of the completed First Report of Loss form to the Customer. An electronic copy shall be available to Customer via CareMC. To the extent permitted by the applicable state industrial accident board or commission, the Required Information shall be transmitted electronically.

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- (d) To the extent required by applicable statute or otherwise agreed in writing by CorVel, CorVel will file additional reports on earlier-filed First Reports (tail claims) of Loss ("Subsequent Reports").
- (e) Unless agreed to otherwise in writing by the parties, any questions or concerns from an industrial accident board or commission concerning First Reports of Loss forms completed by CorVel hereunder will be handled directly by CorVel. All such inquiries will receive an initial response within the next business day following CorVel's receipt of the inquiry. CorVel will keep Customer apprised of any inquiries it receives and the response thereto. CorVel will send a written response to the inquiry within five (5) business days outlining the nature of the inquiry and the resolution of same by CorVel. A copy of such response will also be sent to the attention of the designated Customer representative. Customer shall have the right, but not the obligation, at any time and at Customer's expense, to interject itself into the inquiry between CorVel and the industrial accident board or commission, and in connection therewith to resolve the inquiry in a manner acceptable to Customer at its sole discretion, in which case Customer shall defend, indemnify and hold harmless CorVel from and against any claim, liability, damages or costs arising from Customer's handling of such inquiry or the resolution thereof.

III. DELIVERY OF CLAIMS MANAGEMENT SERVICES

- (a) Customer shall arrange so that all claims and all related bills of any type, as well as all other correspondence that Customer receives relating to such claims, are sent directly to CorVel. CorVel shall perform all of the following "Claims Services" in connection with each portion of a Claim related to Workers' Compensation benefit payments for lost income (each an "Indemnity Claim") and one or more of such Claims Services with respect to that portion of a Claim related to Workers' Compensation benefits other than payments for lost income (each a "Non-Indemnity Claim"). All Claims Services provided by CorVel under this Agreement shall be performed in accordance with the guidelines set forth in Exhibit A and A-1 attached to this Agreement:
 - (i) CorVel shall immediately assign each new Indemnity Claim and Non-Indemnity Claim to Customer's designated claims adjuster.
 - (ii) Utilizing CorVel's CareMC Application or other applicable CorVel Online System, CorVel shall maintain a chronological record of all Claims Services performed by CorVel.
 - (iii) CorVel shall make all filings related to Indemnity Claims and Non-Indemnity Claims with the appropriate state Workers' Compensation regulatory authorities.
 - (iv) CorVel shall maintain a complete and accurate claim file for each Indemnity Claim and Non-Indemnity Claim.
 - (v) CorVel shall perform reasonable and necessary administrative and clerical work including, without limitation, the following:
 - (A) Investigate all Indemnity Claims and Non-Indemnity Claims. .
 - (B) Determine and evaluate any coverage and/or compensability issues and provide Customer with appropriate recommendations and advice regarding the same.
 - (C) Adjust, handle, or settle to a conclusion those Indemnity Claims and Non-Indemnity Claims that CorVel believes the Customer is legally obligated to pay under applicable state law and regulations, and in accordance with the authority granted to CorVel by Customer under the Agreement.

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- (D) Prepare checks for payments of Indemnity claims, Non-Indemnity Claims and Allocated Loss Adjustment Expenses.
 - (E) Prepare documents as necessary to close out Indemnity Claims and Non-Indemnity Claims.
- (b) Bank Account. "Bank" will mean Wells Fargo Bank approved by Customer to receive and hold Customer contributions and pay "Qualified Claims" and other obligations.
- i. CorVel will establish and maintain an account at Wells Fargo Bank for the payment of amounts due under the Plan and this Agreement and give prior written notice to Customer of any change in Bank.
 - ii. Customer will deposit funds for payment of Qualified Claims, including Allocated Loss Adjustment Expenses in Bank. CorVel to establish the Account with Wells Fargo Bank, unless another Bank is selected and approved by Customer.
 - iii. "Qualified Claims" will mean an approved request for benefits by a Claimant, whether based on initial determination or appeal. "Allocated Loss Adjustment Expenses" shall include the investigation, adjustment and settlement or defense of a claim for benefits, provided directly by CorVel which will be paid by Customer. Allocated Loss Adjustment Expenses include, but are not limited to the following:
 - a. Attorneys, hearing representatives, court costs, fees for service of process and other related expenses, pre and post judgment interest;
 - b. Independent medical exams and medical records/reports;
 - c. Cost containment services, including but not limited to fee schedule or bill review, PPO discounts, rehabilitation counselors, medical management nurses and related services, whether performed by CorVel or its preferred subcontractors. CorVel agrees to use its negotiated PPO networks to the extent available;
 - d. All field adjuster activities where personal contact, investigation and litigation involvement is necessary;
 - e. Outside experts, and sub-contractors, including private investigators;
 - f. Transcripts, public records, claim kits and Central Index Bureau filings;
 - g. Depositions, court reporters, video statements, and transcription costs;
 - h. State Workers' Compensation Board hearing representation;
 - i. Pursuit of subrogation/recovery beyond identification and initial notice;
 - j. Other extraordinary expenses including but not limited to photo copying (excess of 25 copies per file), travel, express mail, public records and similar expenses as may be incurred by CorVel in fulfilling its obligation.
 - iv. CorVel will have full responsibility for the care, custody and control of such Bank accounts and payment of any banking fees. Such funds will be provided at the inception of this Agreement and replenished monthly. CorVel will provide a check register and any other supporting documentation as required by Customer necessary for the replenishment of funds on a monthly basis.
 - v. CorVel will have authority to make an individual payment not to exceed \$25,000 on any Qualified Claim and is deemed to have the prior approval of Customer to make such payments. Customer may change this amount at any time on ten days prior written notice to CorVel. CorVel will have full authority and control in all matters pertaining to the

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payment, processing, investigation and administration of Qualified Claims within the limit established by this paragraph.

- vi. CorVel will not be required to advance its own funds to pay losses or Allocated Loss Adjustment Expenses for any Qualified Claim. If Customer fails to promptly provide funds sufficient to allow required payments to be made timely, CorVel will have no obligation to perform any further services and may terminate this Agreement upon thirty days prior written notice to Customer.
 - vii. Should Customer fail to make timely payments of any service due CorVel or should Customer in any other way breach this Agreement, CorVel will provide Customer with written notice specifically identifying the deficiency or breach. If Customer fails to cure the deficiency or breach, then CorVel will have the right to refuse to perform any further services. In the event of a good faith dispute CorVel will allow Customer 30 days to respond.
- (c) Bank Account Transfers. Customer accepts the following responsibilities relating to Plan operation:
- i. Post required securities or obtain surety bonding required by self-insurers, if applicable.
 - ii. Provide data to CorVel on a timely basis to permit compliance with all state and federal reporting requirements.
 - iii. Obtain and pay for excess insurance coverage, if Customer so desires.
 - iv. Provide appropriate funding for Bank Account.
 - v. Customer shall make an initial advance deposit into the bank account in an amount equal to One-Hundred Fifty Thousand Dollars (\$150,000.00).
- (d) CorVel accepts the following responsibilities relating to Plan operation.
- i. Process Qualified Claims and Allocated Loss Adjustment Expenses entitled to such payments from Customer.
 - ii. Payment of Qualified Claim and Allocated Loss Adjustment Expenses shall include IRS form 1099 filing and associated follow-up, where applicable.
- (f) CorVel will notify of changes to key personnel processing Qualified Claims for Customer at least fourteen (14) days prior to the change. Failure to do so may be considered a material breach of the Agreement.

CorVel agrees to provide the following services to Customer relating to the processing and payment of claims:

- i. to receive claims and process payment of benefits in accordance with applicable State(s) program guidelines required for the payment of workers' compensation claims;
- ii. to correspond with the claimants, providers of services and vendors if additional information is deemed necessary to complete the processing of claims;
- iii. to determine the amount of benefits payable;
- iv. to provide notice to claimants as to the reason(s) for denial of benefits (when such are denied) and to provide for the review of such denied claims;

- v. to receive and process for payment claims for benefits incurred prior to the Effective Date; and
 - vi. at Customer's request, to provide specified additional services for such fees as the parties mutually agree;
- b. Subject to applicable law, all claims files, data, systems and records and associated documents and notices regarding the administration of claims and provision of services pursuant to this Agreement and the payment of claims and allocated loss adjustment expenses, may be audited, examined, and copied by Customer, its representatives, excess carriers, reinsurers or any state insurance department or other regulatory body that so requires, at any time or times during CorVel's normal business hours and with not less than thirty (30) days advance notice; and notwithstanding anything to the contrary contained in this Agreement.
 - c. CorVel is not in any way to be deemed an insurer, underwriter or guarantor with respect to any benefits payable under Customer's workers' compensation program.
 - d. CorVel may rely on instructions received from such person or persons as Customer may from time to time designate in writing, provided that no such instruction may vary the terms of this Agreement.
 - e. Unless otherwise directed by Customer or precluded by law, CorVel shall seek subrogation recoveries on behalf of Customer and shall provide Customer with any recoveries obtained, minus the attorneys' fees and costs incurred in obtaining such recoveries. Customer represents and warrants that its workers' compensation program provides for rights of subrogation. Not all cases should be referred to an attorney. An assignment to an attorney or separate subrogation adjuster or management firm only with the prior approval of Customer. Customer delegates and/or assigns these subrogation rights and third party recovery rights to CorVel as its agent for purposes of subrogation only. Customer shall assist CorVel in its subrogation efforts by providing requested information and documentation. CorVel may engage the services of a subrogation management firm to assist with the identification and management of subrogation cases with the prior approval of Customer. The fees charged by the subrogation management firm will be deducted from any recovery. In those cases where the subrogation recovery efforts of the claimant's attorney should be compensated, Customer delegates to CorVel full authority to act on behalf of the Customer to negotiate reasonable attorneys' fees. In those instances where Customer's subrogation lien, in the opinion of CorVel, should be compromised or abandoned, with prior approval of Customer CorVel has the authority to act on behalf of Customer to compromise or abandon the lien. In consultation with Customer, any determination by CorVel with respect to subrogation liens shall be final and conclusive, unless overturned by order of a limited arbitrary and capricious standard of review.
 - f. CorVel shall consult and cooperate with Customer with respect to any loss or claim resulting in a lawsuit being instituted against Customer. Nothing in this paragraph shall be construed in any way as a waiver by CorVel of any attorney/client, work product or other applicable privilege with respect to any materials or documents prepared by CorVel or its counsel in anticipation of litigation.
 - g. CorVel shall assist, cooperate and participate with Customer, carriers and reinsurers in connection with claim reviews and audits and catastrophic injury claim analysis and excess claim related reporting.

(h) SERVICE CRITERIA, STANDARDS AND GUIDELINES (Additional details provided

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in Exhibit A-1)

- a. Assignments: Customer will notify CorVel, either via CareMC, telephone, email or facsimile, that Customer's employee has sustained a work related injury. All new Lost Time claims will be acknowledged and established by CorVel within the next business day following such notice. The acknowledgement will included the name and contact information of the assigned Adjuster.
- b. Contacts: As warranted, and always with regard to lost time, or anticipated lost time claim situations, initial contact with the injured employee will be made within the next business day following receipt of a new assignment claim. Contact with the Physician, and employer, if required will be made by the next business day.
- c. Investigation: Completed and documented within 30 days from date of assignment.

EXHIBIT -1
ADMINISTRATOR SCOPE OF SERVICES

The scope of services shall include but not be limited to:

A. CLAIM ADMINISTRATION

1. Perform all of the administrative services required and control the disposition of all claims in accordance with applicable statutory and administrative notification requirement of the Arizona Workers' Compensation Act, and all applicable Customer policies and procedures. Copies of all Notices of Claim Status, medical, investigative and legal reports will be sent electronically to the Customer upon generation or receipt. Provide agent services for Customer as the Responsible Reporting Entity (RRE) for compliance with the Medicare, Medicaid, and SCHIP Extension Act of 2007, referred to as MMSEA Mandatory Insurer Reporting or SCHIP Reporting: Section 111 of the Act, codified at 42, U.S.C 1395y(h)(8).
2. Review all claims made by Customer of personal injury, sickness or disease incurred by an employee in the course of employment during the term of the Agreement, and of death resulting at any time from any of the foregoing.
3. Conduct an investigation of each reported claim to the extent deemed necessary or at the request of Customer. Request from the Industrial Commission of Arizona information on prior injuries on all new claims and as otherwise requested by Customer. Contact Customer within one (1) business day of receipt of a Form 102 if a Form 101 has not been received. Claims are not to be denied based solely on the absence of a Form 101 without approval of Customer.
4. The claims investigation shall include the following:
 1. Receive all pertinent claim information from Customer.
 2. Review and determine compensability of each claim based upon information made available by Customer and other sources.
 3. Provide 3-point contact within two (2) business days with claimant, Customer and attending physician for time-loss, denied and delayed cases only.
 4. Provide claimants with notices of benefit entitlement.
 5. Determine amounts of disability compensation due to claimants.
 6. Determine reasonableness of amount of medical bills presented for payment through CorVel's Bill Review service or selected service provider as directed by Customer.
 7. Disburse payments for workers compensation benefits and Allocated Loss Adjustment Expenses.
 8. Consult with Customer prior to: (a) reserve changes in excess of \$25,000, (b) submitting a claim for denial and (c) assigning surveillance, (d) pursuing subrogation and (e) before assigning a nurse case manager, vocational consultant or defense attorney.
 9. Review case reserves every thirty (30) days to ensure accuracy.
 10. Calculate estimated future claim payment on an ongoing basis.
 11. Return phone calls within one (1) business day.

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12. Enter notes into claim system within one (1) business day of obtaining new information.
 13. Maintain contact with attending physician, claimant and Customer on an ongoing basis.
 14. Utilize agreed-upon independent medical consultants, as necessary, to expedite return to work and make recommendations for further care.
 15. Engage agreed-upon investigations, as necessary, to develop pertinent information on claims filed.
 16. Subject to Customer approval engage Todd Lundmark or other outside legal counsel, as deemed necessary, to represent Customer in litigated claims.
 17. Consult with Customer's outside legal counsel engaged to handle Workers' Compensation claims and assist such counsel in handling and evaluating Workers' Compensation claims, such assistance to include, without limitation, evaluation and assessment of claims, preparation of claims reports and litigation preparation and assistance in anticipation of trial.
5. Subject to prior Customer approval and vendor selection, arrange for independent investigators, nurse case managers, experts, surveillance service or other professionals when such action is necessary to properly process cases, assist in determining the status of disabled claimants, prepare litigated cases. . CorVel will obtain authorization from Customer prior to arranging for any investigators, experts or other professionals.
 6. Maintain an electronic and/or paper file for each claim or loss including but not limited to medical reports, legal reports, cost data, and estimates of future liability on an individual claim basis which shall be available for review or audit by Customer or its authorized agents immediately upon request. (All files whether electronic or paper shall be and remains the property of Customer during subsequent to the expiration of any contract or Agreement and shall be returned to Customer prior to destruction. Failure to comply shall constitute a breach of contract and be subject to damages and reimbursement for cost for reconstruction of information).
 7. Timely pay all benefits as provided by the Arizona Workers' Compensation Act. Assure that medical bill payments comply with medical fee schedules and/or discounted fee arrangements negotiated by or on behalf of Customer and Corvel or Customer approved/selected vendor, , coordinate payment of any temporary disability pay benefits with staff of Customer.
 8. Assist and support outside legal counsel selected or retained by Customer in the preparation and defense of litigated cases and negotiation of settlements, and provide periodic analytical or narrative reports of litigated cases to Customer. Under no condition will a claim be settled without the express approval of Customer.
 9. Assist Customer in arranging for rehabilitation or retraining of claimants in appropriate cases.
 10. Furnish or make available to Customer reports containing the following information:

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- 10.1 For each claim or loss, on a monthly basis - the date of injury, a description of the incident, injury/accident description, claim status, total of payments made during the month and to date, and estimate of future cost and total expected cost.
- 10.2 For each calendar and fiscal year period - the total number of claims or losses; summary of medical and indemnity payments; and estimated future costs and total cost, and any other data deemed necessary by Customer to comply with Industrial Commission of Arizona reporting requirements.
- 10.3 For each calendar year period - the total number of claims or losses; summary data as to payments made in the month and to date; and estimated future costs and total cost and any other data deemed necessary by Customer to comply with Industrial Commission of Arizona requirements.
- 10.4 In addition to on-line reports or standard reporting, Customer may require periodic complete data dumps, in excel format, in order to manipulate the information for analysis.
11. Customer Assist Customer employees in the filing of their workers' compensation claim including explaining the process, completion of the proper paperwork and explaining the next steps.
12. Customer will deposit money in a bank account accessible to CorVel or will provide a deposit with CorVel at the start of the contract. If money deposited, CorVel will maintain an account on behalf of Customer for payment of workers' compensation claims. Monthly, or as needed to replenish the account, CorVel will provide Customer with timely invoice and detailed information of transactions related to the account.
13. Timely notify Customer's excess insurers and Customer personnel of all claims or losses as outlined in their claims reporting section of their policy reporting criteria with all necessary information about the status of such claims or losses as determined or required by such insurers. A copy of the current claims reporting requirements are attached. Submit to the excess insurer on a no less frequently than annual basis, requests for reimbursement of claim payments which exceed the self-insured retention. Failure to comply shall constitute a breach of contract and be subject to damages and reimbursement for costs.
14. In the event any party or entity is potentially responsible for all or part of any claim against Customer, CorVel will cooperate with Customer and its counsel in any attempt at recovery or any action in subrogation against such party or entity.
15. Notify the Customer by electronic mail any supporting documents of the following actions:
 - 15.1 A Request for Hearing, notice of deposition or hearing, or court decision received by CorVel.
 - 15.2 Prior to sending to claimant, a 20-day letter or a Notice of Claim Status issuing a denial or suspension of benefits.

15.3 Any new claim whose total expected value will be \$25,000 or open more, or claim whose reserves will increase by \$10,000 or more or a payment greater than \$25,000 or more in accordance with special account instructions.

a. Customer staff desires daily on-line access to files including notes and quarterly claims reviews. Staff will request reports for information as needed, but no less than stated within the special account instructions.

16. At least quarterly, CorVel will provide Claims Review Meetings in accordance with the special account instructions.

B. MEDICAL MANAGEMENT

1. Monitor the treatment programs recommended by physicians or specialist by reviewing all reports prepared by treating or examining physicians, and by maintaining such contact as may be appropriate or at the request of Customer to monitor any change of a claimant's condition or circumstances which may affect their ability to work.

2. Recommend any courses of medical management which will expedite recovery and return to work of employees. Implement recommendations as approved by Customer.

3. With prior Customer approval, assign Customer approved/selected nurse case managers on a case by case basis after consultation with Customer staff. If Customer staff are unavailable, or in the event of a catastrophic claim, CorVel has the authorization to assign a nurse case manager for the initial visit pending contact with Customer .

C. PROGRAM

1. CorVel will assist Customer in following policies and procedures which facilitate a claimant's return to work or reassignment of work in a manner consistent with the claimant's medical condition, the rules and procedures established by the Industrial Commission of Arizona, the Arizona Workers' Compensation Act, and any other state or federal law, including without limitation the "Americans with Disabilities Act" as well as Customer policies and procedures.

2. CorVel will provide information on changes or proposed changes in legislation, rules and regulations which may affect Customer.

3. CorVel will furnish or assist Customer in the completion, renewal or filing of applications and periodic reports required by the Industrial Commission of Arizona to maintain Customer's qualification as a self-insured employer pursuant to the Arizona Workers' Compensation Act. CorVel will assist Customer as requested in providing information (reports) to comply with Governmental Accounting Standards Board (GASB) 10 (stated reserves), information requested by internal and external auditors, Occupational Safety & Health Administration (OSHA) required reports, National Council on Compensation Insurance (NCCI) filings and rankings

4. Provide access to claims management system to view claims notes, status, payments, and other information deemed necessary for Customer to adequately monitor management of claims. Withholding of access to information shall be deemed a breach of contract.

4. Provide savings reports no less frequent than semi-annually, of medical providers charges, breaking out billed, contracted amount, allowed, savings and access fees (including CorVel shared revenue with 3rd party medical providers and/or preferred provider networks re-pricing claims).
5. Timely CorVel will advise Customer whenever there is a change in the claims adjuster handling Customer claims. Customer requires approval of any new adjusters assigned to handle Customer claims.
6. At no time will any Customer employee protected information be published on any outside correspondence. It is the responsibility of the TPA that when claim information is requested by an outside party; all personal identifying information of the employee will be redacted in total. CorVel must comply with all HIPAA privacy compliance tasks.

D. PROGRAM CONVERSION/DOCUMENTATION

1. Assist Customer personnel in the development of directives, notices, and any other program communications to employees.
2. Provide claim reporting tools (including claim and accident report forms, required notices and procedural instructions) for distribution to existing Customer – specified locations.
3. Create and maintain a procedure manual, as desired, for use by Customer and CorVel.
4. Provide instructional meetings, as required, at Customer-specified locations, to review and explain instructions and procedures.

EXHIBIT B

Fees

(1) In consideration of the services provided by CorVel under this Agreement, Customer agrees to pay the fees as follows:

Claims Administration

Description	Pricing
Data Conversion	Included
First Notice of Loss Intake Electronic submission (Mobile App, Care ^{MC}) Phone or fax	Fee Waived \$Fee Waived
Incident Only Reporting Electronic submission (Mobile App, Care ^{MC}) Phone or fax	Fee Waived \$Fee Waived
24/7 Nurse Triage	Included

Account Management and Technical Support

Description	Pricing
Account management staff	Included
Training – onsite and online	Included
Technical support	Included
MPN and PPO poster creation tools	Included
State EDI files	Included
Monthly reporting	Included
Ad hoc report programming	\$ 200 per hour
Communication materials/posters	Pass through printing costs

Life of Contract Claims Handling Fee

Description	Pricing
Medical-Only	\$ 150.00
Indemnity	\$ 975.00
Indemnity Tail Claims	\$ No Charge
Medical-Only Tail Claims	\$ No Charge
Fees shall be invoiced monthly and annually reconciled to actual files and services. No costs shall be charged for claims taken over from the prior administrator.	
Annual Administration Fee Includes all state filing requirements, etc.	\$8,000.00
Claims System User IDs Up to 5 Users	Included
Annual Banking Fees (per account)	One account included
Subrogation	25% of Recoveries
Indexing	Included

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The definition of Indemnity and Medical Only for the fees captioned above is as follows

Medical Only: When the injured worker needs only medical attention and does not miss work outside of the initial waiting period. When a medical only claim remains open for more than 120 days, or reaches a payment threshold of \$3000.00, it is reviewed by a Claim Supervisor for possible re-assignment as an indemnity claim if medical management or additional intervention is needed to move the claim towards closure.

Indemnity (Lost Time): When the injured worker loses time at work for more than the initial waiting period; a claim requires a formal dispute of benefits; a claim has permanency exposure; a claim has attorney involvement; subrogation potential exists; a claim involves an allegation of occupational disease or cumulative trauma; a fatality occurs; or, the total incurred reaches \$3,000.00 or the claim has been open for more than 120 days.

Non Indemnity to Indemnity Transition

Credit is applied for the non indemnity fee and only the difference between this rate and the Indemnity rate is billed at the time the transition occurs. Claims will be as defined above maintained at medical only unless additional intervention or medical management is needed to move the claim toward closure.

Tail Claim Fees

We will assume the management of existing open claims (tail claims) for the contract period at the following rates:

Non-Indemnity	-	\$ N/A per claim
Indemnity	-	\$ N/A per claim
Data File (existing claims) conversion	-	No Charge

Run Off Fees

Claims which are open as of the termination date of this agreement may, subject to the establishment of a mutually acceptable fee arrangement between the parties, continue to be serviced by CorVel. Should the parties fail to establish such an agreement, a basic layout history file will be created by CorVel at no cost to Customer. This fee would assume that no special programming services are required. If Customer requires additional or non-standard services, CorVel shall evaluate such requests and provide a written estimate to the Customer of the costs and time required to accommodate such requirements.

Taxes

Taxes are not included in the fees and will be added as required.

Allocated Expenses

The following list of allocated expenses are excluded from the rates shown above and are charged to the claim file on an as incurred basis.

- Case Management/Utilization Review
- Network Solutions
- Directed Care Services
- Pharmacy Benefits Program
- Other Services:
 - Peer Review/Medical Records Review
 - Life Care Planning, Medicare Set-Asides, Medical Cost Projections
 - Injury Management/Ergonomic Assessment

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Bill Review

Description	Pricing
Flat per bill + Percentage of savings	\$6.50/bill
Fee Schedule and Reasonable & Customary	17% of savings
PPO Network	17% of savings
Enhanced Bill Review	17% of savings
Professional Review	17% of savings
Duplicate bill processing	Included
State EDI	Included
Scanning/OCR	Included

Patient Management

Description	Pricing
Telephonic Case Management (as defined in RFP)	\$ 95.00 per hour
Field Case Management*(as defined in RFP)	\$ 95.00 per hour
Vocational Rehabilitation Services (as defined in RFP)	\$100.00 per hour
Specialty Services (MSA, LCP, catastrophic) (define)	\$200.00 per hour
Utilization Review	\$135.00 per review
Peer Review / Physician Advisor	\$250.00 per hour

* Prevailing IRS mileage rate.

Pharmacy Solutions

Description	Pricing
Pharmacy Services	
Retail Pharmacies	
Brand	AWP -5% + \$5.50 dispensing fee
Generic	AWP -15% + \$5.50 dispensing fee
Fee Schedule States	State Fee Schedule
Mail Order	
Brand	AWP -10% +\$4 dispensing fee
Generic	AWP -18% +\$4 dispensing fee
Medication Review	\$ 200 per hour

Medicare Agent Reporting

Description	Pricing
Set up and engagement	\$ 2,500.00/one-time fee
Monthly Maintenance	\$ 1,000.00/month
Quarterly Reporting	\$ 10.00/claim
Medicare Set Asides	\$ 200.00/hour

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Unallocated Expenses

Activities based on Time and Expense, and other unallocated expense items

Time & Expense

Programming Services	-	\$200.00 per hour
Mileage	-	IRS rate

(2) Fees for Additional Professional Services: If Customer requires any additional professional services from CorVel relating to the Services or the CareMC Application, including but not limited to integration of the CareMC Application with EDI or other Customer systems, Customer shall submit a written request to CorVel for such services. CorVel shall, in good faith, consider providing such services at its then-current professional services fee rate and standard terms and conditions.

(3) Fees Adjustments for Regulatory Changes: If, at any time during the Term of this Agreement, regulatory or legislative changes impact CorVel's business operations and add to CorVel's costs of providing the Services, CorVel may (a) increase its fees for one or more Services upon written notice to and approval from Customer, (b) terminate this Agreement upon ninety (90) days written notice to Customer; or (iii) increase its fees for any material changes in service requirements with the approval from Customer.

(4) Billing and Payments for Pharmacy Program:

- (a) Charges for medications processed through the Pharmacy Program will be applied to the claim file.
- (b) CorVel uses the Medi-Span AWP at pre-settlement levels. To maintain pricing neutrality CorVel applies the established multiplier to impacted prescriptions.
- (c) Relative to state fee schedules, CorVel will apply the lesser of the Customer's contracted pharmacy rate or the applicable state fee schedule. The following exceptions apply:
 - (i) All California pharmacy prescriptions will be priced at the California fee schedule.
 - (ii) To the extent that the fee schedules rate in any state other than California is less CorVel's acquisition costs, CorVel will apply the lesser of Customer's contracted rate or CorVel's acquisition cost.
- (d) Both parties understand that pricing indices historically used (including under this Agreement) for determining the financial components of pharmacy billing rates are outside the control of CorVel and Customer. The parties also understand there are extra-market industry, legal, governmental and regulatory activities which may lead to changes relating to, or elimination of, these pricing indices that could alter the financial positions and expectations of both parties as intended under this Agreement. Both parties agree that, upon entering into this Agreement and thereafter, their mutual intent has been and is to maintain pricing neutrality as intended and not to benefit one party to the detriment of the other. Accordingly, to preserve this mutual intent, if CorVel undertakes any or all of the following:

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- (i) Changes the AWP source across its book of business (e.g., from Medi-Span to First Databank); or
 - (ii) Maintains AWP as the pricing index with an appropriate adjustment in the event the AWP methodology and/or its calculation is changed, whether by the existing or alternative sources; or
 - (iii) Transitions the pricing index from AWP to another index or benchmark (e.g., to Wholesale Acquisition Cost).
- (e) Pharmacy rates will be modified as reasonably and equitably necessary to maintain the pricing intent under this Agreement. CorVel shall provide Customer with at least ninety (90) days prior written notice of the change (or if such notice is not practicable, as much notice as is reasonable under the circumstances), and written illustration of the financial impact of the pricing source or index change (e.g., specific drug examples). If Customer disputes the illustration of the financial impact of the pricing source, both parties agree to cooperate in good faith to resolve such disputes.

EXHIBIT C

CareMC License Agreement

This CAREMC LICENSE AGREEMENT (the "CareMC License Agreement") is incorporated by reference into the Services Agreement (the "Master Agreement") to which it is attached. The parties acknowledge and agree that the terms and conditions under which the Services are provided by CorVel and received by Customer shall be governed by the Master Agreement (including without limitation all additional Exhibits and applicable Schedules attached thereto), while the terms and conditions under which Customer may access and use the Online Services shall be governed by the terms and conditions of this CareMC License Agreement. All defined terms used herein and not otherwise defined shall have the meaning ascribed to such terms in the Master Agreement.

1. ACCESS TO THE CAREMC APPLICATION

A. Registration Information. Prior to accessing the CareMC Application, Customer shall provide CorVel with certain registration information requested therein ("Registration Information"). Customer covenants that the Registration Information Customer provides will be true, accurate, current and complete and will be updated as necessary to it so.

B. Passwords and Levels of Access. As soon as practicable after the execution of this Agreement, CorVel shall create a unique username and password for each individual Authorized User identified by Customer as requiring access to the Online Services. Customer shall then designate two groups of Authorized Users. The first group of Authorized Users ("Restricted Users") shall have access to only the data available on the CareMC Site that relates to claims specific to that Authorized User and such other data that Customer specifically requests in writing be accessible to such Authorized User. The second group of Authorized Users ("Non-Restricted Users") shall have access to all data available on the CareMC Site that relates to claims specific to Customer. Access by Individual Users and Non-Restricted Users to data available on the CareMC Site shall be subject in all cases to any limitations imposed by applicable law.

C. PHI Data. Authorized Users shall have access to all data available through the CareMC Application, including data that constitutes or contains "protected health information" ("PHI Data") as such term is defined in 45 CFR Section 164.501 of the regulations promulgated by the U.S. Department of Health and Human Services under the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 ("HIPAA") and the Health Information Technology for Economic and Clinical Health Act, which is at Section 13400, *et. seq.* of the American Recovery and Reinvestment Act of 2009 ("ARRA"), and guidance promulgated thereunder ("HITECH"), but shall only have access to PHI Data to the extent necessary for Customer to render payment on a claim, and then only to those portions or amounts of PHI Data that are determined by CorVel, in its sole discretion, to be the minimum necessary for Customer to render payment on such claim.

D. Security of Passwords. Customer acknowledges and agrees that it shall be solely responsible for (i) selecting Authorized Users, (ii) assigning the various levels of authority and access each Authorized User may have to the CareMC Application, Online Services and Customer Data, including by determining which Authorized Users shall be Non-Restricted Users, (iii) ensuring that only Authorized Users have access to the passwords provided by CorVel or changed by Authorized Users, (iv) implementing a system to control, track and account for all passwords, (v) strictly maintaining the confidentiality and integrity of all passwords and levels of authority among Authorized Users, and (vi) ensuring that Authorized Users shall at all times comply with the terms and conditions of this Agreement. Customer further agrees that it shall notify CorVel immediately in writing if the security or integrity of a password has been compromised. CorVel will provide reasonable cooperation to Customer in the event of a security breach. Such support will include but not be limited to suspending service for passwords whose security or integrity has been violated. Passwords may be changed at any time by Authorized Users, and must be changed at least once every ninety (90) days.

E. Customer Data. Responsibility for ensuring that the content and data provided by or for Customer ("Customer Data") to be entered into the CareMC Application by CorVel is accurate and reflects Customer's requirements lies solely with Customer. All data generated by and through Customer's use of the CareMC Application and Online Services shall reside on CorVel's server. CorVel reserves the right to temporarily suspend access to any Customer Data that it determines, in its sole discretion, violates the terms and conditions of this CareMC License Agreement or any applicable laws.

F. Customer Representations. Customer represents that (i) it has the legal authority to provide the Customer Data to CorVel hereunder, and (ii) it is fully aware and knowledgeable of and shall comply with its duties and responsibilities with respect to the privacy and confidentiality of medical records and protected health information under applicable federal and state laws, including but not limited to those imposed by HIPAA. Upon written notice to Customer, CorVel may modify or temporarily suspend Customer's access to and use of the CareMC Application, Online Services and/or CareMC Site as necessary to comply with any law or regulation.

2. LICENSE AND RESTRICTIONS

A. Limited License. Subject to the terms and conditions of this CareMC License Agreement, CorVel grants to Customer during the License Term (as defined in Section 5A below) a limited, non-exclusive, non-transferable, non-sublicensable license to access and use, and allow Authorized Users to access and use, the CareMC Application via the CareMC Site solely for Customer's own internal business use and operations. Customer shall access and use the CareMC Application in accordance with the user's guides and online instruction provided to Customer by CorVel ("Documentation") and all applicable laws, statutes, rules and regulations.

B. Restrictions. Customer shall not, and shall not allow Authorized Users or any third party to (i) rent, lease, re-license or otherwise provide access to the CareMC Application or Online Services to any third party, (ii) alter, modify or create derivative works of the CareMC Application, (iii) use any reverse compilation, decompilation or disassembly techniques or similar methods to determine any design structure, concepts and construction method of the CareMC Application or replicate the functionality of the CareMC Application for any purpose, or (iv) copy the CareMC Application or any content, materials, information and other data provided by CorVel on the CareMC Site or used in providing the Online Services ("CorVel Content") and/or Documentation without CorVel's prior written consent.

C. Third Parties. Customer shall not allow any third party to have access to the CareMC Application or Online Services without prior written consent of CorVel and ensuring that (i) such third party enters into a legally enforceable written agreement with CorVel, or (ii) such third party enters into a legally enforceable written agreement with Customer consistent with the terms of this CareMC License Agreement and which shall include terms at least as protective of CorVel as the following Sections of this CareMC License Agreement: Sections 1A-1F, 2B, 2D, 3B, and 4A-4E.

D. Ownership and Changes. CorVel owns and shall retain all right, title and interest in and to the CareMC Application, Documentation, CareMC Site, Online Services, CorVel Content and any intellectual property rights inherent therein or arising therefrom. In addition to CorVel's rights in the individual elements of the CorVel Content, CorVel owns a copyright in the selection, coordination, arrangement and enhancement of the CorVel Content. Neither Customer nor any Authorized User shall obtain any ownership rights, express or implied, or any other rights other than those expressly set forth herein in the CareMC Application, Documentation or CorVel Content. CorVel reserves the right, at any time in its sole discretion and without liability to Customer, to delete or change features of the CareMC Application, CareMC Site or Online Services provided such changes do not materially alter the functionality of the CareMC Application.

E. Compliance Monitoring and Audits. CorVel may monitor and perform remote audits of Customer's use of the CareMC Application and CareMC Site for the purpose of verifying that Customer and Authorized Users are using the CareMC Application in compliance with the terms of this CareMC License Agreement. CorVel reserves the right to temporarily suspend Customer's or any Authorized User's access to the CareMC Application in the event Customer or such Authorized User engages in, or CorVel in good faith suspects is engaged in, any unauthorized conduct. To the extent CorVel requires access to Customer's facilities to conduct an audit hereunder, Customer agrees to provide such access upon reasonable advanced notice and during Customer's regular business hours.

3. INFRASTRUCTURE, MAINTENANCE AND SUPPORT

A. CorVel Infrastructure Obligations. Subject to Customer's compliance with the terms and conditions of this CareMC License Agreement, CorVel shall be responsible for providing and maintaining the hardware, software and other equipment required to host the CareMC Application for Customer ("CareMC Infrastructure"). The CareMC Infrastructure is subject to modification by CorVel from time to time for purposes such as adding new functionality, maximizing operating efficiency and upgrading hardware, provided such modifications shall not in the aggregate degrade the performance of the Online Services utilized by Customer. Customer acknowledges and agrees that such modifications may require changes to Customer's Internet access and/or telecommunications infrastructure to maintain Customer's desired level of performance. CorVel shall give Customer reasonable prior written notice of any required modifications.

B. Customer Infrastructure Obligations. Except for the CareMC Infrastructure, which will be provided by CorVel, Customer shall be responsible for obtaining and maintaining all hardware, software, equipment, Internet access and/or telecommunications services and other items or services furnished by third party vendors or providers ("Third Party Providers") required to enable Customer to access and use the CareMC Application and CareMC Site as contemplated hereunder.

C. Support. CorVel will provide general support regarding questions on the CareMC Application via email and by telephone from Monday through Friday between the hours of 5:00 a.m. and 6:00 p.m. Pacific Standard Time, excluding holidays.

D. Scheduled Maintenance. CorVel will use reasonable efforts to (i) perform any scheduled downtime outside of Customer's normal business hours, (ii) notify Customer of all scheduled downtimes at least seventy-two (72) hours in advance, and (iii) perform software updates to the CareMC Application with minimal disruption to Customer's use of the Online Services.

E. System Monitoring. CorVel will use reasonable efforts to continuously monitor its web servers and database servers to ensure that they are functioning properly.

F. Security. CorVel will implement and use reasonable efforts to maintain secure systems through the use of firewalls, virtual private networks (VPN) and other security technologies. Any security violations that affect the data of Customer will be promptly reported to Customer.

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G. Disaster Recovery and Backup. CorVel will use reasonable efforts to perform nightly backups of essential data on its web servers and database servers. CorVel has implemented third party backup and restoration technology to enable high speed recovery of data. CorVel utilizes redundant load balanced Win 2000 servers for 24x7, 365 day access, except for regularly scheduled system maintenance and upgrade processes. SQL Server databases are hosted on clustered servers offering fail-over capability, redundant communication links, and load balanced application servers. Backup tapes are restored into a test environment not less than quarterly to confirm validity of backups. The CareMC Site has redundant inbound Internet and Intranet connectivity.

4. APPLICATION SPECIFIC DISCLAIMERS

A. Disclaimers. TO THE EXTENT ALLOWED BY APPLICABLE LAW, EXCEPT FOR THE LIMITED WARRANTIES DESCRIBED IN THE MASTER AGREEMENT, CORVEL MAKES NO OTHER WARRANTIES, EXPRESS, IMPLIED OR STATUTORY, AND EXPRESSLY DISCLAIMS ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, GOOD TITLE, SATISFACTORY QUALITY AND NONINFRINGEMENT.

B. Internet Usage. Customer acknowledges that the Internet is essentially an unregulated, insecure and unreliable environment, and that the ability of Customer to access and use the CareMC Application is dependent on the Internet and hardware, software and services provided by various Third Party Providers. CORVEL SHALL NOT BE RESPONSIBLE FOR CUSTOMER'S INABILITY TO ACCESS OR USE THE CAREMC APPLICATION TO THE EXTENT CAUSED BY FAILURES OR INTERRUPTIONS OF ANY HARDWARE, SOFTWARE OR SERVICES PROVIDED BY CUSTOMER OR THIRD PARTY PROVIDERS.

C. CareMC Application. CUSTOMER ACKNOWLEDGES AND AGREES THAT CORVEL DOES NOT WARRANT THAT THE CAREMC APPLICATION OR ONLINE SERVICES ARE ERROR FREE, THAT CUSTOMER WILL BE ABLE TO ACCESS OR USE THE CAREMC APPLICATION OR ONLINE SERVICES WITHOUT PROBLEMS OR INTERRUPTIONS, OR THAT THE CAREMC SITE AND CAREMC APPLICATION ARE NOT SUSCEPTIBLE TO INTRUSION, ATTACK OR COMPUTER VIRUS INFECTION.

D. Network Intrusions. CUSTOMER AGREES THAT CORVEL WILL NOT BE LIABLE FOR DAMAGES ARISING FROM ANY BREACH, UNAUTHORIZED ACCESS TO, MISUSE OF, OR INTRUSION INTO, CUSTOMER DATA RESIDING ON CORVEL'S SERVER(S) OR ANY NETWORK USED BY CUSTOMER TO THE EXTENT SUCH DAMAGES WERE BEYOND CORVEL'S REASONABLE CONTROL.

5. LICENSE TERM AND TERMINATION

A. License Term. This CareMC License Agreement shall be effective as of the Effective Date and, unless terminated earlier as provided below, shall automatically terminate upon expiration or termination of the Master Agreement (the term of this CareMC License Agreement, the "License Term").

B. Termination for Convenience. Either party shall have the right to terminate this CareMC License Agreement for any reason or for no reason, upon ninety (90) days written notice to the other party.

C. Termination for Cause. This CareMC License Agreement may be terminated by either party for cause as follows: (i) upon thirty (30) days written notice if the other party breaches or defaults under any material provision of this Agreement and does not cures such breach prior to the end of such thirty (30) day period, (ii) effective immediately and without notice if the other party ceases to do business, or otherwise terminates its business operations, except as a result of an assignment, as permitted under the terms and conditions of this CareMC License Agreement, or (iii) effective immediately and without notice if the other party becomes insolvent or seeks protection under any bankruptcy, receivership, trust deed, creditors arrangement, composition or comparable proceeding, or if any such proceeding is instituted against the other (and not dismissed within ninety (90) days).

D. Effect of Termination. Expiration or termination of this CareMC License Agreement shall have the following effects: (i) CorVel shall provide Customer with any proprietary data belonging to Customer, in the current format in which it is stored at CorVel at the termination of this CareMC License Agreement, (ii) all licenses granted under this CareMC License Agreement shall terminate immediately, (iii) all rights to use the CareMC Application and Online Services shall cease immediately, and (iv) each party shall promptly return all information, documents, manuals and other materials belonging to the other party related to this CareMC License Agreement, whether in printed or electronic form, including without limitation all confidential information of the other party then currently in its possession, provided each party may retain one (1) copy of such materials for archival purposes.

E. Survival. Except to the extent expressly provided to the contrary herein or in the Master Agreement, any right of action for breach of the CareMC License Agreement prior to termination, and the following provisions shall survive the termination of this CareMC License Agreement: Sections 1B-F, 2B, 2D, 4 and 5E.

EXHIBIT D
CorVel Insurance Requirements

CorVel shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by CorVel, its agents, representatives, or employees.

MINIMUM SCOPE AND LIMIT OF INSURANCE

Coverage shall be at least as broad as:

1. **Commercial General Liability (CGL):** Accord Form on an "occurrence" basis for bodily injury and property damage, including products-completed operations, personal injury and advertising injury, with limits no less than **\$1,000,000** per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
2. **Automobile Liability:** Accord Form with limit no less than **\$1,000,000** per accident for bodily injury and property damage.
3. **Workers' Compensation** insurance as required by the State of Arizona, with Statutory Limits, and Employer's Liability Insurance with limit of no less than **\$1,000,000** per accident for bodily injury or disease.
4. **Professional Liability (Errors and Omissions) Insurance** appropriate to CorVel's profession, with limit no less than **\$1,000,000** per occurrence or claim, **\$2,000,000** aggregate.

5. Crime Insurance or Fidelity Bond

Bond or Policy Limit	\$100,000
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1. The bond or policy shall be issued with limits based on the amount of cash being handled by CorVel.
2. The bond or policy shall include coverage for all directors, officers, agents and employees of CorVel.
3. The bond or policy shall include coverage for third party fidelity.
4. The bond or policy shall include coverage for extended theft and mysterious disappearance.
5. The bond or policy shall not contain a condition requiring an arrest and conviction.

If CorVel maintains higher limits than the minimums shown above, Customer requires and shall be entitled to coverage for the higher limits maintained by CorVel.

Other Insurance Provisions

The insurance policies are to contain, or be endorsed to contain, the following provisions:

Additional Insured Status

Customer, its officers, officials, employees, and volunteers are to be covered as additional insureds on the auto policy with respect to liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of CorVel; and on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Proposer including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of a blanket endorsement to CorVel's insurance).

Primary Coverage

For any claims related to this contract, **CorVel's insurance coverage shall be primary** insurance as respects Customer, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by Customer, its officers, officials, employees, or volunteers shall be excess of the CorVel's insurance and shall not contribute with it.

Notice of Cancellation

Each insurance policy required above shall state that **coverage shall not be canceled or non-renewed except with notice to Customer.**

Waiver of Subrogation

CorVel hereby grants to Customer a waiver of any right to subrogation for Workers' Compensation, General Liability, Automobile Liability and Property policies which any insurer of said CorVel may acquire against Customer by virtue of the payment of any loss under such insurance. CorVel agrees to obtain any blanket endorsement that may be necessary to effect this waiver of subrogation, but this provision applies regardless of whether or not Customer has received a waiver of subrogation endorsement from the insurer.

Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to Customer.

Claims Made Policies

If any of the required policies provide coverage on a claims-made basis:

1. The Retroactive Date must be shown and must be before the date of the contract or the beginning of contract work.
2. Insurance must be maintained and evidence of insurance must be provided **for at least five (5) years after completion of the contract of work.**
3. If coverage is canceled or non-renewed, and not **replaced with another claims-made policy form with a Retroactive Date** prior to the contract effective date, CorVel must purchase "extended reporting" coverage for a minimum of **five (5) years** after completion of contract work.

Verification of Coverage

CorVel shall furnish Customer with original certificates and amendatory blanket endorsements effecting coverage required by this clause. All certificates and endorsements are to be received and approved by Customer before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive CorVel's obligation to provide them.

Subcontractors

CorVel shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein.

Special Risks or Circumstances

Customer reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

EXHIBIT E
Customer Insurance Coverage Limits

Customer agrees that it shall keep in force at its sole expense comprehensive general liability insurance and professional liability insurance with coverage limits hereunder. Upon request by CorVel, Customer shall furnish CorVel with a certificate of such insurance. It is agreed that Customer shall be deemed in compliance by being self-insured under terms and conditions and with sufficient reserves as is customary within the industry for companies of comparable size with comparable operations.

Customer shall provide the following minimum insurance coverages during the term of the attached Agreement with an A rating.

General Liability: Commercial General Liability	
General Aggregate	\$2,000,000.00
Products – Comp/Op Aggregate	\$2,000,000.00
Personal & Adv Injury	\$1,000,000.00
Each Occurrence	\$1,000,000.00
Workers' Compensation and Employers' Liability (Proprietor/Partners/Executive Officers are included)	
Employers' Liability each accident	\$1,000,000.00
Employers' Liability Disease Policy Limit	\$1,000,000.00
Employers' Liability Disease Each Employee	\$1,000,000.00
Professional Liability (Errors and Omissions)	\$2,000,000.00

Customer shall notify CorVel if the insurance coverages are, cancelled or not renewable before the expiration of the insurance coverage with a written notice in accordance with Customer's policy provisions.

CITY OF GLENDALE

RFP 13-43

THIRD PARTY ADMIN. - WORKERS COMP FUND

PROPOSAL TABULATION

				MAXIMUM POINTS	York Risk Service Group	Matrix Absence Management	Corvel	FCC Services	Tristar Insurance Group
Compliance with Specifications									
				300					
		CONSENSUS SCORE			200	240	256	146	213
Service & Professional Effort									
				300					
		CONSENSUS SCORE			189	226	259	119	157
Cost									
				250					
		CONSENSUS SCORE			223	196	199	75	143
References									
				150					
		CONSENSUS SCORE			124	74	131	52	141
		TOTAL SCORES		1000	736	737	845	392	654
Interviews									
				200					
		CONSENSUS SCORE			182	179	148	0	0
		TOTAL SCORES			918	916	993		
BAFO									
					89	100	96		
		TOTAL SCORES			1007	1016	1089		