

**SERVICE AGREEMENT FOR ADMINISTRATION OF
A CLAIMS PROGRAM**

This Agreement is entered into effective the ___ day of _____, 20__ (“Effective Date”), by and between Sedgwick Claims Management Services, Inc. (“Sedgwick”) and _____ (“Client”).

RECITALS

Choose ALTERNATIVE 1, 2, OR 3

ALTERNATIVE 1 - use for self-insured-only programs

1. Client self-insures its claims administration program for **professional liability, general liability, automobile liability, property liability, and workers’ compensation** risks and desires to have Sedgwick provide the specific services set forth below in connection with such self-insured program (the “Program,” as defined on Exhibit A, attached hereto).
2. Sedgwick is willing to provide such services on the terms and conditions hereinafter stated.

ALTERNATIVE 2 - use for insured-only programs

1. Client insures its claims administration program for **professional liability, general liability, automobile liability, property liability, and workers’ compensation** risks and desires to have Sedgwick provide the specific services set forth below in connection with such insured program (the “Program,” as defined on Exhibit A, attached hereto), and Client’s carrier(s) (“Insurer”) has agreed that these claims services will be provided by Sedgwick, subject to the terms of a separate written agreement between Sedgwick and Insurer.
2. Sedgwick is willing to provide such services on the terms and conditions hereinafter stated.

ALTERNATIVE 3 - use for programs having both insured and self-insured portions

1. Client self-insures and insures portions of its claims administration program for **professional liability, general liability, automobile liability, property liability, and workers’ compensation** risks and desires to have Sedgwick provide the specific services set forth below in connection with such insured program with Client’s carrier(s) (“Insurer”) and self-insured program (collectively referred to as the “Program,” as defined on Exhibit A, attached hereto). For the insured portion, Insurer has agreed that these claims services will be provided by Sedgwick, subject to the terms of a separate written agreement between Sedgwick and Insurer.
2. Sedgwick is willing to provide such services on the terms and conditions hereinafter

stated.

AGREEMENT

1. **Services to Be Performed by Sedgwick:** Sedgwick agrees to perform the following services:
 - A. With regard to Claims Administration, Sedgwick shall:
 - (1) During the term of this Agreement, review all claim and loss reports received from Client that are required to be reviewed under the Program (a “Qualified Claim”), and process each such claim or loss report in accordance with applicable statutory and administrative regulations;
 - (2) Conduct an investigation of each Qualified Claim to the extent deemed necessary by Sedgwick in the performance of its obligations hereunder;
 - (3) Arrange for independent investigators, appraisers, or medical or other experts to the extent deemed necessary by Sedgwick in connection with processing any Qualified Claim;
 - (4) Pay benefits, expenses, and adjust or settle each Qualified Claim, but only if in the sole judgment of Sedgwick such payment would be prudent for Client and the anticipated amount thereof does not exceed the limit specified in accordance with paragraphs 2F and 2G below, or as Client specifically approves or directs such action in writing;
 - (5) Maintain a file for each Qualified Claim which shall be the property of Client (for self-insured claims) or Insurer (for insured claims) and which shall be available for review by Client or Insurer during normal business hours upon three (3) days prior written notice;
 - (6) Notify Client’s first layer of insurance coverage for each Qualified Claim where the values may exceed Client’s retention, providing such insurer with necessary information on the current status of those claims, unless relieved of this obligation by Client pursuant to paragraph 2A;
 - (7) Assist Client’s counsel, if requested, in preparing the defense of litigated cases arising out of Qualified Claims, negotiating settlements and pursuing subrogation or contribution actions;
 - (8) Maintain a current estimate of the expected total cost of each Qualified Claim which is based on facts known at the estimation date, but is not trended or actuarially developed;
 - (9) Use a proprietary data management system to furnish to Client agreed

upon loss and information reports. These reports shall contain information such as each Qualified Claim date, condensed claim description, payments made, estimated future costs and total expected costs of all Qualified Claims, as well as summary and other data deemed relevant by Sedgwick, but not IBNR (incurred but not reported) claims or actuarially developed loss values; and

(10) ***Choose ALTERNATIVE 1 or 2***

ALTERNATIVE 1 - use for bank accounts established by Sedgwick

Annually report federal, state and local 1099 information under Sedgwick's tax identification number(s) for vendor payments issued by Sedgwick on bank accounts established and managed by Sedgwick on behalf of Client, but not for payment authorizations when Sedgwick does not issue the checks. Client recognizes and agrees that any earnings credits realized on the account(s) will be utilized to offset banking analysis fees related to any Sedgwick managed claim fund account. To the extent that earnings credits do not off-set all bank account fees, Client shall pay the additional bank account fees due.

ALTERNATIVE 2 - use for Client-owned bank accounts on which Sedgwick is authorized to write checks

Annually report federal, state and local 1099 information under Client's tax identification number(s), when Client has provided all required IRS authorizations, for vendor payments issued by Sedgwick on bank accounts owned by Client, but not for payment authorizations when Sedgwick does not issue the checks.

The following sections should only be used when the referenced services are selected, and in such instances the appropriate service schedules, if any, must also be attached.

- B. Sedgwick will provide managed care services as set forth in the attached Managed Care Service Schedule.
- C. Sedgwick will provide the call center services as set forth in the attached Call Center Service Schedule.
- D. Sedgwick shall provide the special investigative unit (SIU) services set forth in the attached SIU Service Schedule.
- E. Sedgwick shall provide Client with the capability to perform searches in a database which contains information regarding Client's Qualified Claims as set forth in the attached OSHA Database Service Schedule.
- F. Sedgwick will provide the Ohio Hearing Representative services as set forth in the attached Ohio Hearing Representative Service Schedule.

- G. Sedgwick will provide the MMSEA/SCHIP Reporting services as set forth in the Medicare Reporting Services Schedule attached hereto.
- H. Sedgwick will provide the clinical consultation services as set forth in the Clinical Consultation Services Schedule attached hereto.
- I. Sedgwick will provide the Washington state oversight services as set forth in the Washington State Oversight Services Schedule attached hereto.
- J. Sedgwick will provide the Washington state enhanced legal support services as set forth in the Washington State Enhanced Legal Support Services Schedule attached hereto.
- K. Sedgwick will provide the unemployment compensation services as set forth in the attached Unemployment Compensation Services Schedule.
- L. Sedgwick will provide the loss control services set forth in the attached Loss Control Services Schedule.
- M. Sedgwick will provide the ergonomic services set forth in the attached Ergonomic Services Schedule.

2. Obligations of Client:

- A. Client shall provide Sedgwick in a timely manner with its first layer of insurance coverage for the policy years necessary for proper notification of applicable Qualified Claims to such first layer insurers by Sedgwick. Should Client fail to provide this information, Sedgwick shall be relieved of any such reporting obligations.
- B. Client shall pay to Sedgwick a service fee which, in the initial term of this Agreement, shall be computed and payable as shown in Exhibit B, attached hereto and made a part of this Agreement, plus applicable taxes, if any. Client shall reimburse Sedgwick for the reasonable and customary out-of-pocket expenses incurred by Sedgwick such as travel expenses in conjunction with the services being performed. If Client, in its sole discretion, requests Sedgwick to perform services outside of the scope of work listed herein, then Client shall compensate Sedgwick for such services at Sedgwick's then applicable standard rates for such service.
- C. Client shall at all times provide funds adequate for the payment of Qualified Claims, including allocated loss adjustment expenses. For purposes of this Agreement, allocated loss adjustment expenses shall mean all costs, charges or expenses incurred by Sedgwick, its agents or its employees which are properly chargeable to a Qualified Claim including, without limitation, court costs; fees

and expenses of attorneys; appeal bonds; independent adjusters; investigators; appraisers; vocational services, training or evaluation; medical expenses and medical cost containment service providers (including those provided by Sedgwick, if applicable); durable medical equipment; rehabilitation services; experts and witnesses; fees for obtaining statements, diagrams, reports, records, documents, transcripts, depositions, Medicare reporting and compliance services fees and costs, index bureau filings and re-filings, and photographs; cost of file retrieval; cost associated with the pursuit of subrogation and/or Special Injury Fund claims; hearing representation services; and travel fees and expenses incurred at Client's request. Sedgwick may, but need not, elect to utilize its own staff or affiliated entities to perform these services. Associated fees and costs will be charged as allocated loss adjustment expenses.

- D. Client shall deposit funds for payment of Qualified Claims, including allocated loss adjustment expenses, in a bank account or accounts (the "Claim Account"). Client shall be responsible for providing sufficient funds to enable Sedgwick to write checks on the Claim Account for use in the payment of Client's Qualified Claims. Such funds shall be provided by electronic funds transfer at the inception of the Program and replenished by electronic funds transfer promptly from time to time thereafter. The amount of the escrow required for the Claim Account may be modified in the following instances:
- (1) There is a substantial increase or decrease in claims payment activity;
 - (2) Client fails to fund the Claim Account within the agreed upon time period;
 - (3) There is a change in funding cycle;
 - (4) The escrow is recalculated at Client's request; or
 - (5) The escrow amount is automatically recalculated on an annual basis.
- E. It is expressly understood that Sedgwick shall not be required to advance its own funds to pay losses or allocated loss adjustment expenses for any Qualified Claim hereunder. It is further understood that if Client fails to promptly provide funds sufficient to allow required payments to be made timely, or if funds previously provided by or on behalf of Client are seized, frozen or otherwise unavailable to Sedgwick to allow required payments to be made timely on account of the bankruptcy, receivership, or other insolvency proceeding of Client [or Insurer, in cases where Insurer funds claim account], Sedgwick will have no obligation to perform any claims payments services during any period of underfunding.
- F. Sedgwick shall have full discretion to make an individual payment of an allocated loss adjustment expense in an amount up to \$xxx on any Qualified Claim and shall not need the approval of Client to make such payments. This amount may be changed at any time by Client upon ten (10) days prior written notice to

Sedgwick. It is agreed that Sedgwick shall have full authority and control in all matters pertaining to the payment, processing, investigation and administration of Qualified Claims within the limit established by this paragraph.

- G. Sedgwick shall have full discretion to redeem, compromise or settle any Qualified Claim for an amount not to exceed \$xxx and shall not need the approval of Client to consummate such redemption, compromise or settlement. This amount may be changed at any time by Client upon ten (10) days prior written notice to Sedgwick. Failure of Sedgwick to settle a Qualified Claim within such limit, however, shall not subject Sedgwick to any liability whatsoever in the event of an adverse judgment entered by any court or the settlement of such Qualified Claim for an amount in excess of such limit.
- H. Should Client fail to make timely payments of any service fees due Sedgwick or should Client in any other way breach a material term of this Agreement, Sedgwick shall then have the right to refuse to perform any further services or terminate this Agreement. If Sedgwick elects to exercise its rights under this paragraph, in addition to all other legal or equitable remedies, Sedgwick will have the right to its full minimum fee, if any, as well as any other fees for which Sedgwick may be eligible, and may collect such fees from any loss fund that may be in Sedgwick's care, custody and control.
- I. Upon receipt of any form of notice advising of facts which are or may be a Qualified Claim, Client shall promptly assign the Qualified Claim to Sedgwick for management. Client shall promptly provide Sedgwick with such information as Sedgwick may require, including, but not limited to, any copy of documents describing its Program, including but not limited to documents submitted to any legal, administrative or regulatory authority for approval of the Program, as well as incident reports and related information in Client's possession and otherwise cooperate with Sedgwick in carrying out Sedgwick's tasks hereunder.

3. Discontinuance of Operations:

Should Client discontinue its business for any reason, all fees due Sedgwick shall be paid immediately. Sedgwick shall have no further obligation to continue to provide the services called for in this Agreement, and, at Sedgwick's option, this Agreement shall be considered terminated as of the date Client ceases operations or is subject to a bankruptcy or receivership filing, either voluntarily or involuntarily.

4. Covered Jurisdictions:

This Agreement shall cover all operations of Client in the state(s) of _____
_____.

5. Term of Agreement and Termination:

- A. The term of this Agreement shall be for the period commencing on _____, 20__ and ending on _____, 20__.
- B. This Agreement may be terminated by either party at any time, provided that at least sixty (60) days prior written notice of the effective date of termination is given to the other party.

Choose ALTERNATIVE 1 or 2

- C. ***ALTERNATIVE 1 - use life of contract programs***
Sedgwick is providing services to Client on a life of contract basis. If requested by Client, Sedgwick will continue to process Client's Qualified Claims remaining open at the expiration or termination of this Agreement, if any, provided that Client shall continue to make adequate funds available for the payment of such Qualified Claims, including any allocated loss adjustment expenses and pay information technology fees, fees for encrypted data files, program management fees, and any other applicable fees. This provision shall not apply unless the additional fee for this service shall have been negotiated and agreed to in writing prior to the effective date of termination.
- C. ***ALTERNATIVE 2 - use life of claim programs***
Sedgwick is providing services to Client on a life of claim basis. Sedgwick will continue to process Client's Qualified Claims remaining open at the expiration or termination of this Agreement, if any, provided that Client shall continue to make adequate funds available for the payment of such Qualified Claims, including any allocated loss adjustment expenses and pay information technology fees, fees for encrypted data files, program management fees, and any other applicable fees all of which may increase each year during the life of the claims.
- D. If Sedgwick is required by Insurer to adjust Client's insured Qualified Claims after expiration or termination of this Agreement, Client shall continue to fund claims payments and allocated loss adjustment expenses as otherwise provided herein, and Client shall pay Sedgwick a mutually agreed upon fee, plus the prevailing fee for any information technology or encrypted data files required by Insurer.
- E. If Insurer fails to pay Sedgwick service fees which it is obligated to pay, then Sedgwick may present all unpaid invoices to Client and Client shall pay such service fees within thirty (30) days of presentment. If Insurer is responsible for funding the Claim Account and fails to adequately do so, then Client shall immediately and adequately fund the Claim Account upon notice from Sedgwick of the deficiency.
- F. Upon expiration or termination of this Agreement, Sedgwick shall deliver, at Client's sole cost, the hard copy and imaged files that Sedgwick has maintained for Qualified Claims (but not including any computer hardware, firmware,

software or other proprietary information of Sedgwick), except those Sedgwick has agreed in writing to continue to process or files that are owned by Insurer; provided, however, that Sedgwick or its agents, employees or attorneys shall continue to be entitled to inspect all such files and make copies or extracts there from. Imaged files shall be transferred to Client in the same electronic format. Client shall pay Sedgwick a one-time payment for transition of Qualified Claims as consideration for Sedgwick's associated costs, which costs may include, but are not limited to, carrier coordination, coordination with the new third party administrator, if any, necessary mailings and notifications, catalog and transfer of hard inventory, digital recording retrieval & transfer, advanced TTD payments, multiple loss runs, payment history for advanced TTD, claim hot list, banking reconciliation, validation of billings paid in field prior to transfer, field examiners validation and release of pending payments, client services & parameters group time (B2B interface shutoff, intake shutoff, CSI shutdown), as well as technology items such as preliminary and final data extract, image extract, bill review extract, MMSEA extract and hierarchy structure extract. If Client does not agree to accept such files, they will be retained or destroyed at Sedgwick's option and Client shall have no recourse against Sedgwick for failure to retain them.

- G. Should Client terminate the Agreement for convenience within the first twelve months of the Agreement, the Client shall pay Sedgwick fees equal to three months of the service fees. Should Client terminate for convenience within the second twelve months of the Agreement, the Client shall pay Sedgwick fees equal to two months of the service fees. Termination fees are payable within thirty (30) days of the date of notice of such termination.

6. Professional Advice:

Nothing in this Agreement is intended to require Sedgwick to engage in the practice of law, and services provided shall not be considered legal, tax or accounting advice, and Sedgwick shall in no event give, or be required to give, any legal opinion or provide any legal, tax or accounting representation to Client. Client acknowledges that Sedgwick has been engaged to provide certain services and that it is not the intent of the parties that Sedgwick assume any insurance risk. Sedgwick shall not act as an insurer for Client, and this Agreement shall not be construed as an insurance policy; it being understood that Sedgwick is in no event financially responsible for payment or satisfaction of Client's claims, lawsuits, or any form of cause of action against Client from Sedgwick funds.

7. Indemnification:

- A. Sedgwick shall be fully responsible for exercising reasonable care at all times in the performance of its obligations hereunder. However, if Sedgwick is named as a party to any litigation or proceeding, or is the subject of any claim or demand because of its actions on behalf of Client, Client agrees to indemnify, defend, and hold Sedgwick, its officers, directors, employees and agents harmless from any and all losses, damages, costs, judgments and expenses (including attorneys' fees

and costs) with respect to any such litigation, proceeding, claim or demand, unless and until a finding is entered to the effect that Sedgwick failed to exercise such reasonable care in the performance of its obligations hereunder. Sedgwick agrees to indemnify, hold harmless and defend Client, its directors, officers, employees and agents from and against any and all liabilities, loss or damage that they may suffer as a result of any claim, demand, cost or judgment against them arising out of the negligence or willful misconduct of Sedgwick in connection with its performance under this Agreement, provided that such acts or omissions do not arise out of or relate to oral or written instructions, procedures or forms supplied by Client or to Client's internal management or adjustment of its claims. Each party agrees to keep the other fully informed of any matter for which it is defending, holding harmless or indemnifying the other party. Each party reserves the right to appoint its own counsel, at its own expense, regarding any matter defended hereunder and to approve any settlements of same.

- B. Notwithstanding anything to the contrary contained in the above paragraph, it is understood and agreed that if Client, directly or through a subcontractor or vendor of Client's choosing, including any prior subcontractor, third party administrator, or vendor ("Client Subcontractor"), retains administration of a claim or performs or performed any services for a claim Sedgwick administers, or if Client otherwise directs the administration of a claim, Client will indemnify, defend, and hold Sedgwick, its officers, directors, employees and agents harmless from the losses, damages, costs, judgments and expenses (including attorneys' fees and costs) as a result of any litigation or proceeding, fines, penalties, revocation of license, or any other state regulatory investigation or action arising against Sedgwick related to the acts or omissions of Client or the Client Subcontractor.
- C. If Client's access to claim data includes the ability to add and modify data, Sedgwick shall not be required to verify, or otherwise be responsible for, the accuracy of data added or modified by Client. Client shall indemnify, defend and hold Sedgwick, its officers, directors, employees and agents harmless for any loss, cost (including attorneys' fees), claim or judgment which is attributable to Client's input or modification of data.
- D. The parties agree that in no event shall Sedgwick's liability under this Agreement exceed the service fees paid to Sedgwick for the six (6) months immediately prior to the event from which the claim or matter arises. IN NO EVENT SHALL SEDGWICK BE LIABLE FOR ANY LOSS OR DAMAGE TO REVENUES, PROFITS OR GOODWILL OR OTHER SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY KIND RESULTING FROM ITS PERFORMANCE OR FAILURE TO PERFORM UNDER THIS AGREEMENT OR RESULTING FROM THE FURNISHING, PERFORMANCE, USE OR LOSS OF USE OF ANY SOFTWARE, SYSTEM, SITE, OR DELIVERABLE PROVIDED TO CLIENT HEREUNDER, INCLUDING WITHOUT LIMITATION ANY INTERRUPTION OF BUSINESS, OR FOR ANY DAMAGES OR FINES ARISING FROM ANY ACTS OR OMISSIONS OF

CLIENT SUBCONTRACTOR, EVEN IF SEDGWICK HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSS OR DAMAGE.

- E. Notwithstanding the foregoing, an indemnifying party will not settle a claim without the indemnified party's written consent, unless such settlement results in (i) a full release of all parties, (ii) no liability to the indemnified party or future obligation of the indemnified party, and (iii) no admission of wrongdoing by Client or Sedgwick.
- F. The provisions of this section shall survive the expiration or termination of the Agreement.

8. Network Security/Confidentiality:

- A. If Client's access to the data management system requires a network connection (the "Network Connection") between Client's network and Sedgwick's network, Sedgwick and Client shall take reasonable and customary precautions to prevent unauthorized access to or use of the Network Connection through their respective networks. The parties agree, however, that each party is responsible for the security of its own network. Neither party shall be liable to the other for unauthorized access to the Network Connection, so long as the accused party shall have taken reasonable and customary precautions to prevent such unauthorized access.
- B. Whether or not marked as such, and without regard to the media in which such records are stored, "Confidential Information" shall mean:
 - (1) any business or technical information pertaining to the parties herein or to third parties, which is furnished, disclosed or made available by one party to the other, including, without limitation, specifications, prototypes, software, marketing plans, financial data and personnel statistics; and
 - (2) Medical records, reports and information, as well as any other non-medical records, reports or information pertaining to claimants under the Program.
- C. Each party agrees to protect Confidential Information received hereunder with the same degree of care that such party exercises with its own confidential information (but in no event less than reasonable care) and to limit access and disclosure of Confidential Information only to their employees, agents and contractors who have a "need to know," and who agree to maintain confidentiality in accordance with this section. Notwithstanding the foregoing, Client agrees to permit Sedgwick to compile and disseminate aggregate, de-identified information for auditing, compliance, internal assessments, process improvement and related analytics, benchmarking purposes or forward to a data collection facility data for Qualified Claims handled pursuant to this Agreement, provided that such facility

agrees in writing to keep Client's data confidential. Further, Sedgwick shall be entitled, without violation of this section and without the prior consent of Client, to retain claims administration information and to forward claims administration information to government agencies to the extent required by law for the proper performance of the services set forth herein.

D. The provisions of this section shall survive the expiration or termination of the Agreement.

9. Notices:

Any notice required to be given under this Agreement shall be sent by certified or registered mail, postage prepaid, to General Counsel - Americas, Sedgwick Claims Management Services, Inc., 8125 Sedgwick Way, Memphis, TN 38125, in the case of Sedgwick, and to _____, in the case of Client.

10. Assignment:

The Client may not assign its rights or obligations under this Agreement. Sedgwick may assign or subcontract part of the services required hereunder and may at its discretion delegate to a subsidiary or affiliate such of its duties as it deems appropriate, provided that such subcontracting or delegation shall not relieve Sedgwick of any of its obligations hereunder.

11. Entire Agreement and Modification or Amendment:

This Agreement and its attached exhibits and schedules represents the full and final understanding of the parties with respect to the subject matter described herein and supersedes any and all prior agreements or understandings, written or oral, express or implied. This Agreement may be modified or amended only by a written statement signed by both parties.

12. Applicable Law:

The terms and conditions of this Agreement shall be governed by the laws of the State of Tennessee without regard to conflicts of law principles. If any dispute or claim arises hereunder that the parties are not able to resolve amicably, the parties agree and stipulate that such litigation shall be resolved in the State of Tennessee, and the parties irrevocably submit to the exclusive venue and jurisdiction of such court for the purpose of any such action or proceeding. In the event of a dispute between the parties resulting in litigation, the prevailing party may, in addition to any other relief obtained, recover its court costs and reasonable attorney's fees.

13. State Specific Requirements:

A. With respect to Kentucky self-insured workers' compensation claims, in order to

comply with the requirements set forth in administrative regulation 803 KAR 25:021 Sec 3 (6), Sedgwick agrees to adjust any and all claims for a period of sixty (60) days following an order from the commissioner finding the self-insured employer in default unless a substitute service organization has been procured.

- B. With respect to Michigan self-insured workers compensation claims, it is agreed pursuant to the State of Michigan Workers Compensation Act of 1969 and Administrative Rules (R 408.43m (7)) that Sedgwick will administer all claims with dates of injury or disease within the contract term until their conclusion unless the service company is relieved of that responsibility in writing by the bureau. In the event that Sedgwick is required to administer claims pursuant to this section, Client shall pay Sedgwick's standard fees for any such additional service.
- C. With respect to Tennessee self-insured, workers' compensation claims, the parties agree that, as applicable to either or both parties, all Tennessee Insurance Laws, Regulations and lawful orders of the Commissioner shall be followed and fully adhered to, including, but not limited to, Tenn. Code Ann. § 50-6-405 and Tenn. Comp. R. & Regs., 0780-1-81.
- D. With respect to Workers' Compensation Claims administered within the State of Arkansas, the parties agree as follows, in regards to insured programs:

For purposes of this section, "Insurer" shall refer to Client's insurance carrier. "Department" shall refer to the Arkansas Insurance Department. "Employer" shall refer to Client.

1. Sedgwick is acting on behalf of the Insurer for the payment of claims both within and in excess of the deductible.
2. Sedgwick shall periodically provide accurate and timely data to the Insurer on all claims paid from "first dollar" to enable the Insurer to report the data to the appropriate regulatory authority or advisory or rating organization, and to ensure that the calculation of the Employer's experience rating reflects all such claims.
3. To ensure that claims are paid without interruption, the Insurer shall immediately replenish the loss escrow account if it is not replenished timely by the Employer and shall bill the Employer for such amount. The Employer's failure to reimburse the Insurer according to the terms of the insurance policy shall be reason to cancel the policy for non-payment of premium.
4. The Employer must report all claims to Sedgwick and shall not pay directly, or procure payment indirectly, any amounts within the deductible outside of the funding arrangement provided for in the contract between Sedgwick and the Insurer. Although the Employer has the right to be informed of potential settlements under Ark. Code Ann. §23-63-112, the Employer has no right to

direct whether a claim is paid or denied nor the amount to be paid by the Insurer or Sedgwick.

5. Sedgwick will notify injured workers at the onset of a claim that the claim is being adjusted and, if appropriate, will be paid on behalf of the Insurer to avoid any possible confusion on the part of the claimant that the Employer is a self insured entity.

6. Sedgwick is not providing and shall not charge the Employer for safety services required by the Arkansas Workers' Compensation Commission.

7. No agreement between Sedgwick and an Insurer shall alter the terms of the insurance policy approved by the Department.

8. Sedgwick may charge and collect from the Employer for that portion of the unallocated loss adjustment expenses that are Sedgwick's service fees so long as those amounts are reported to the Insurer and the Insurer's filed rates provide a method for the reduction in its loss cost multiplier for Sedgwick collected unallocated loss adjust expenses.

9. Subject to the contractual right of the Employer to a refund of unearned premium or deposit as provided in the insurance policy, any funds paid into the loss escrow account are to be administered by Sedgwick in accordance with instruction from the Insurer.

10. The parties shall adhere to any other applicable provisions as set forth in Arkansas Insurance Department Revised Bulletin Number 10-2009 as issued August 6, 2010.

E. With respect to Qualified Claims that are processed in the State of Oregon, Client grants Sedgwick the power of attorney to act on the Client's behalf as required in Oregon Revised Statute 731.475. Furthermore, any services, including Care Management Services, that are set forth in this Agreement but are explicitly prohibited to be performed in the State of Oregon, will not be used by Client and references to such services contained herein shall be deemed to be stricken from this Agreement.

14. Force Majeure:

Neither party shall be liable to the other party or be deemed to have breached this Agreement for any failure or delay in the performance of all or any portion of its obligations under this Agreement if such failure or delay is due to any contingency beyond its reasonable control (a "force majeure"). Without limiting the generality of the foregoing, such contingency includes, but is not limited to, acts of God, fires, floods, pandemics, storms, earthquakes, riots, boycotts, strikes, lock-outs, acts of terror, wars and war operations, restraints of government, power or communication line failure or other

circumstance beyond such party's reasonable control, or by reason of the bankruptcy, receivership or other insolvency proceeding of any bank or other financial institution where funds to pay losses and allocated loss adjustment expenses are held, or by reason of a judgment, ruling or order of any court or agency of competent jurisdiction or change of law or regulation subsequent to the execution of this Agreement. Both parties are obligated to provide reasonable back-up capability to avoid the potential interruptions described above. If a force majeure occurs, the party delayed or unable to perform shall give immediate notice to the other party. Client acknowledges that the foregoing provision does not apply to Client's obligation to make timely payment of any fees due Sedgwick, and that Sedgwick shall be entitled to all remedies set forth in this Agreement and those allowed by law for Client's failure to timely pay such fees.

15. Headings:

Headings herein are for convenience of reference only and shall not be considered in any interpretation of this Agreement.

16. Relationship of Parties; Expenses:

Nothing contained in this Agreement shall be deemed to create a partnership or joint venture between the parties hereto; the only relationship among the parties shall be that of independent parties to a contract. Except as expressly provided herein, no party hereto shall have authority or shall hold itself out as having authority to act for or bind any other party hereto. Except as expressly set forth herein, each party shall bear all expenses it may incur in connection with the execution, delivery and performance of this Agreement.

17. Waiver of Breach:

Failure of either party hereto to require the performance by the other party hereto of any obligation under this Agreement shall not affect its right subsequently to require performance of that or any other obligation. Any waiver by any party hereto of any breach of any provision of this Agreement shall not be construed as a continuing waiver of any such provision or a waiver of any succeeding breach or modification of any other right under this Agreement.

18. Subcontractor Disclosure:

Through contractual arrangements with subcontractors, Sedgwick provides a full range of medical management and investigative services to its clients, as well as structured settlements, claim indexing services, imaging, auto-bill adjudication, and extra-territorial claims administration services. Medical management services include, but are not limited to, bill review, network access, pharmacy benefits management, peer review, field case management, electro-medical devices, bone growth stimulators, orthotics, prosthetics, translation and interpretation, transportation, medical supplies, IV and respiratory therapy, home health, and durable medical equipment. Client recognizes and agrees that delivery of some of these services are being provided pursuant to separate

agreements between subcontractors and Sedgwick. Invoices for these services will be paid as allocated loss adjustment expenses on individual claims, unless otherwise agreed between Client and Sedgwick. Notwithstanding the foregoing, Client agrees and understands that Client is obligated to make payment to the subcontractors either directly or by remitting such payment to Sedgwick, for any money due for subcontracted services which have been provided under this Agreement. Client acknowledges that Sedgwick receives a portion of charges for subcontracted services as reimbursement for cost of program management, administration, and technological and service enhancements. In no event will charges to Client exceed the amount indicated in the Agreement.

19. Equitable Adjustment:

This Agreement contemplates that the standards applicable to this Agreement are those in effect on the date of this Agreement, whether such standards are set forth in statutes, regulations, rules, orders, case law or otherwise. In the event of a change in a service standard, Sedgwick shall be entitled to an equitable adjustment in its compensation if such change increases Sedgwick's cost of providing the services under this Agreement or reduces its profitability.

20. Non-Solicitation:

Client acknowledges and agrees that Sedgwick personnel who perform the services are a valuable asset to Sedgwick and difficult to replace. Accordingly, Client agrees that, during the term of the Agreement, and for twelve months thereafter, it will not solicit, contract or hire Sedgwick personnel or encourage them to seek employment or any other contractual arrangements with Client. The parties further agree that in the event Client breaches the provision of this Section, Client shall pay Sedgwick liquidated damages in the amount of two times the annual compensation to be paid to such person for each such breach, which is the parties' good faith estimate of the amount of damages to Sedgwick from such breach. This Section shall survive the termination of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the dates written below.

Insert Name of Client

Sedgwick Claims Management Services, Inc.

By _____

By _____

Title _____

Title _____

Date _____

Date _____