

CLAIMS ADMINISTRATOR AGREEMENT

THIS AGREEMENT, entered into this 1st day of July, 2012, by and between CITY OF ALAMEDA, a municipal corporation (hereinafter referred to as "City"), and YORK RISK SERVICES GROUP, INC., a NEW YORK CORPORATION (hereinafter referred to as "York"); is made with reference to the following:

RECITALS:

A. City is a municipal corporation duly organized and validly existing under the laws of the State of California with the power to carry on its business as it is now being conducted under the statutes of the State of California and the Charter of the City.

B. The City requires Workers' Compensation claims adjusting and administrative services, and Claims Administrator is qualified to perform such services for City.

NOW, THEREFORE, it is mutually agreed by and between the undersigned parties as follows:

1. TERM:

The term of this Agreement shall commence on the 1st day of July, 2012, and shall terminate on the 1st day of July, 2015, unless terminated earlier as set forth herein. The City may exercise three two-year options with 60 days prior written notice given to Claims Administrator.

2. SERVICES TO BE PERFORMED:

Claims Administrator agrees to initiate prompt handling of all claims presented to the Claims Administrator upon notification in writing, facsimile transmission, or by telephone from the City, according to the State of California Workers' Compensation laws and general guidelines and standards set forth in Exhibit "A", which is attached hereto and incorporated by this reference.

3. COMPENSATION TO CLAIMS ADMINISTRATOR:

Claims Administrator shall be compensated for services performed pursuant to this Agreement in the amount and manner set forth in Exhibit "B" which is attached hereto and incorporated herein by this reference.

Payments for Claims Administration shall be paid by the City monthly in advance and are due on the first of each month upon receipt of an invoice from Claims Administrator.

4. STANDARD OF CARE:

Claims Administrator agrees to perform all services hereunder in a manner commensurate with the highest standards of like professionals in the community and agrees that all services shall be performed by qualified and experienced personnel who are not employed by the City nor have any contractual relationship with the City.

5. INDEPENDENT PARTIES:

City and Claims Administrator intend that the relationship between them created by this Agreement is that of employer-independent contractor. The manner and means of conducting the work are under the control of Claims Administrator, except to the extent they are limited by statute, rule or regulation and the express terms of this Agreement. No civil service status or other right of employment will be acquired by virtue of Claims Administrator's services. None of the benefits provided by City to its employees, including but not limited to, unemployment insurance, workers' compensation plans, vacation and sick leave are available from City to Claims Administrator, its employees or agents. Deductions shall not be made for any state or federal taxes, FICA payments, PERS payments, or other purposes normally associated with an employer-employee relationship from any fees due Claims Administrator. Payments of the above items, if required, are the responsibility of Claims Administrator.

6. IMMIGRATION REFORM AND CONTROL ACT (IRCA):

Claims Administrator assumes any and all responsibility for verifying the identity and employment authorization of all of his/her employees performing work hereunder, pursuant to all applicable IRCA or other federal, or state rules and regulations. Claims Administrator shall indemnify and hold City harmless from and against any loss, damage, liability, costs or expenses arising from any noncompliance of this provision by Claims Administrator.

7. NON-DISCRIMINATION:

Consistent with City's policy that harassment and discrimination are unacceptable employer/employee conduct, Claims Administrator agrees that harassment or discrimination directed toward a job applicant, a City employee, or a citizen by Claims Administrator or Claims Administrator's employee or subcontractor on the basis of race, religious creed, color, national origin, ancestry, handicap, disability, marital status, pregnancy, sex, age, or sexual orientation will not be tolerated. Claims Administrator agrees that any and all violations of this provision shall constitute a material breach of this Agreement.

8. HOLD HARMLESS:

Claims Administrator shall indemnify, defend, and hold harmless City, its City Council, boards, commissions, officials, employees, and volunteers ("Indemnitees") from and against any and all loss, damages, liability, claims, suits, costs and expenses whatsoever, including reasonable attorneys' fees ("Claims"), arising from or in any manner connected to Claims Administrator's negligent act or omission, whether alleged or actual, regarding performance

of services or work conducted or performed pursuant to this Agreement. If Claims are filed against Indemnitees which allege negligence on behalf of the Claims Administrator, Claims Administrator shall have no right of reimbursement against Indemnitees for the costs of defense even if negligence is not found on the part of Claims Administrator. However, Claims Administrator shall not be obligated to indemnify Indemnitees from Claims arising from the sole or active negligence or willful misconduct of Indemnities.

9. INDEMNIFICATION FOR CLAIMS FOR PROFESSIONAL LIABILITY:

As to Claims for professional liability only, Claims Administrator's obligation to defend Indemnitees (as set forth above) is limited to the extent to which its professional liability insurance policy will provide such defense costs.

10. INSURANCE:

On or before the commencement of the term of this Agreement, Claims Administrator shall furnish City with certificates showing the type, amount, class of operations covered, effective dates and dates of expiration of insurance coverage in compliance with paragraphs 9A, B, C, D and E. Such certificates, which do not limit Claims Administrator's indemnification, shall also contain substantially the following statement: "Should any of the above insurance covered by this certificate be canceled or coverage reduced before the expiration date thereof, the insurer affording coverage shall provide 30 days' advance written notice to the additional insured's by certified mail." It is agreed that Claims Administrator shall maintain in force at all times during the performance of this Agreement all appropriate coverage of insurance required by this Agreement with an insurance company that is acceptable to City and licensed to do insurance business in the State of California. Endorsements naming the City as additional insured shall be submitted with the insurance certificates.

A. COVERAGE:

Claims Administrator shall maintain the following insurance coverage:

- (1) **Workers' Compensation:**
Statutory coverage as required by the State of California.
- (2) **Liability:**
Commercial general liability coverage in the following minimum limits:

Bodily Injury:	\$500,000
	each occurrence
	\$1,000,000
	aggregate - all other

Property Damage:	\$100,000 each occurrence
	\$250,000 aggregate

If submitted, combined single limit policy with aggregate limits in the amounts of \$1,000,000 will be considered equivalent to the required minimum limits shown above.

(3) **Automotive:**

Comprehensive automotive liability coverage in the following minimum limits:

Bodily Injury: \$500,000 each occurrence

Property Damage: \$100,000 each occurrence

Or

Combined Single Limit: \$500,000 each occurrence

(4) **Professional Liability:**

Professional liability insurance which includes coverage for the professional acts, errors and omissions of Claims Administrator in the amount of at least \$1,000,000.

B. SUBROGATION WAIVER:

Claims Administrator agrees that in the event of loss due to any of the perils for which he/she has agreed to provide comprehensive general and automotive liability insurance, Claims Administrator shall look solely to his/her insurance for recovery. Claims Administrator hereby grants to City, on behalf of any insurer providing comprehensive general and automotive liability insurance to either Claims Administrator or City with respect to the services of Claims Administrator herein, a waiver of any right to subrogation, which any such insurer of said Claims Administrator may acquire against City by virtue of the payment of any loss under such insurance.

C. FAILURE TO SECURE:

If Claims Administrator at any time during the term hereof should fail to secure or maintain the foregoing insurance, City shall be permitted to obtain such insurance in the Claims Administrator's name or as an agent of the Claims Administrator and shall be compensated by the Claims Administrator for the costs of the insurance premiums at the maximum rate permitted by law and computed from the date written notice is received that the premiums have not been paid.

D. ADDITIONAL INSURED:

City, its City Council, boards and commissions, officers, employees and volunteers shall be named as an additional insured under all insurance coverages, except any professional liability insurance, required by this Agreement. The naming of an additional insured shall not affect any recovery to which such additional insured would be entitled under

this policy if not named as such additional insured. An additional insured named herein shall not be held liable for any premium, deductible portion of any loss, or expense of any nature on this policy or any extension thereof. Any other insurance held by an additional insured shall not be required to contribute anything toward any loss or expense covered by the insurance provided by this policy.

E. SUFFICIENCY OF INSURANCE:

The insurance limits required by City are not represented as being sufficient to protect Claims Administrator. Claims Administrator is advised to confer with Claims Administrator's insurance broker to determine adequate coverage for Claims Administrator.

11. CONFLICT OF INTEREST:

Claims Administrator warrants that it is not a conflict of interest for Claims Administrator to perform the services required by this Agreement. Claims Administrator may be required to fill out a conflict of interest form if the services provided under this Agreement require Claims Administrator to make certain governmental decisions or serve in a staff capacity as defined in Title 2, Division 6, Section 18700 of the California Code of Regulations.

12. PROHIBITION AGAINST TRANSFERS:

Claims Administrator shall not assign, sublease, hypothecate, or transfer this Agreement, or any interest therein, directly or indirectly, by operation of law or otherwise, without prior written consent of City. Any attempt to do so without said consent shall be null and void, and any assignee, sublessee, hypothecate or transferee shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer. However, claims for money by Claims Administrator from City under this Agreement may be assigned to a bank, trust company or other financial institution without prior written consent. Written notice of such assignment shall be promptly furnished to City by Claims Administrator.

13. SUBCONTRACTOR APPROVAL:

Claims Administrator shall obtain written consent from the City prior to obtaining or utilizing the services of a subcontractor.

In the event that Claims Administrator employs any subcontractors, such subcontractors shall be required to furnish proof of workers' compensation insurance and shall also be required to carry general, automobile and professional liability insurance in reasonable conformity to the insurance carried by Claims Administrator. In addition, any work or services subcontracted hereunder shall be subject to each provision of this Agreement.

14. PERMITS AND LICENSES:

Claims Administrator, at his/her sole expense, shall obtain and maintain during the term of this Agreement, all appropriate permits, certificates and licenses including, but not limited to, a City Business License, that may be required in connection with the performance of services hereunder.

15. REPORTS:

A. Each and every report, draft, work product, map, record and other document, hereinafter collectively referred to as "Report", reproduced, prepared or caused to be prepared by Claims Administrator pursuant to or in connection with this Agreement, shall be the exclusive property of City. Any Report, information and data acquired or required by this Agreement shall become the property of City.

B. Claims Administrator shall, at such time and in such form as City may require, furnish reports concerning the status of services required under this Agreement.

C. All Reports required to be provided by this Agreement shall be printed on recycled paper. All Reports shall be copied on both sides of the paper except for one original, which shall be single sided.

D. No Report, information or other data given to or prepared or assembled by Claims Administrator pursuant to this Agreement shall be made available to any individual or organization by Claims Administrator without prior approval by City.

16. RECORDS:

Claims Administrator shall maintain complete and accurate records with respect to sales, costs, expenses, receipts and other such information required by City that relate to the performance of services under this Agreement.

Claims Administrator shall maintain adequate records of services provided in sufficient detail to permit an evaluation of services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. Claims Administrator shall provide free access to such books and records to the representatives of City or its designees at all proper times, and gives City the right to examine and audit same, and to make transcripts therefrom as necessary, and to allow inspection of all work, data, documents, proceedings and activities related to this Agreement. Such records, together with supporting documents, shall be kept separate from other documents and records and shall be maintained for a period of three years after receipt of final payment.

If supplemental examination or audit of the records is necessary due to concerns raised by City's preliminary examination or audit of records, and the City's supplemental examination or audit of the records discloses a failure to adhere to appropriate internal financial controls, or other breach of contract or failure to act in good faith, then Claims

Administrator shall reimburse City for all reasonable costs and expenses associated with the supplemental examination or audit.

17. NOTICES:

All notices, demands, requests or approvals to be given under this Agreement shall be given in writing and conclusively shall be deemed served when delivered personally or on the second business day after the deposit thereof in the United States Mail, postage prepaid, registered or certified, addressed as hereinafter provided.

All notices, demands, requests, or approvals from Claims Administrator to City shall be addressed to City at:

City of Alameda, City Attorney's Office
2263 Santa Clara Avenue, Room 280
Alameda CA 94501
Attention: Risk Manager

All notices, demands, requests, or approvals from City to Claims Administrator shall be addressed to Claims Administrator at:

York Risk Services Group, Inc.
750 The City Drive, Suite 350
Orange, CA 92868
Attention: Jody A. Gray, Sr. Vice-President

18. TERMINATION:

In the event Claims Administrator fails or refuses to perform any of the provisions hereof at the time and in the manner required hereunder, Claims Administrator shall be deemed in default in the performance of this Agreement. If such default is not cured within a period of two days after receipt by Claims Administrator from City of written notice of default, specifying the nature of such default and the steps necessary to cure such default, City may terminate the Agreement forthwith by giving to the Claims Administrator written notice thereof.

The parties shall have the option, at each party's sole discretion and without cause, of terminating this Agreement by giving 30 days' prior written notice to the other party as provided herein. Upon termination of this Agreement, each party shall pay to the other party that portion of compensation specified in this Agreement that is earned and unpaid prior to the effective date of termination.

19. COMPLIANCES:

Claims Administrator shall comply with all state or federal laws and all ordinances, rules and regulations enacted or issued by City.

20. CONFLICT OF LAW:

This Agreement shall be interpreted under, and enforced by the laws of the State of California excepting any choice of law rules, which may direct the application of laws of another jurisdiction. The Agreement and obligations of the parties are subject to all valid laws, orders, rules, and regulations of the authorities having jurisdiction over this Agreement (or the successors of those authorities.)

Any suits brought pursuant to this Agreement shall be filed with the courts of the County of Alameda, State of California.

21. ADVERTISEMENT:

Claims Administrator shall not post, exhibit, display or allow to be posted, exhibited, displayed any signs, advertising, show bills, lithographs, posters or cards of any kind pertaining to the services performed under this Agreement unless prior written approval has been secured from City to do otherwise.

22. WAIVER:

A waiver by City of any breach of any term, covenant, or condition contained herein shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, or condition contained herein, whether of the same or a different character.

23. INTEGRATED CONTRACT:

This Agreement represents the full and complete understanding of every kind or nature whatsoever between the parties hereto, and all preliminary negotiations and agreements of whatsoever kind or nature are merged herein. No verbal agreement or implied covenant shall be held to vary the provisions hereof. Any modification of this Agreement will be effective only by written execution signed by both City and Claims Administrator.

24. INSERTED PROVISIONS:

Each provision and clause required by law to be inserted into the Agreement shall be deemed to be enacted herein, and the Agreement shall be read and enforced as though each were included herein. If through mistake or otherwise, any such provision is not inserted or is not correctly inserted, the Agreement shall be amended to make such insertion on application by either party.


25. CAPTIONS:

The captions in this Agreement are for convenience only, are not a part of the Agreement and in no way affect, limit or amplify the terms or provisions of this Agreement.


IN WITNESS WHEREOF, the parties have caused the Agreement to be executed on the day and year first above written.

CLAIMS ADMINISTRATOR

York Risk Services Group, Inc.
a New York Corporation.

By 
Jody A. Gray
Title Sr. Vice-President

CITY OF ALAMEDA
A Municipal Corporation

By 
Title City Manager

RECOMMENDED FOR
APPROVAL BY RISK MANAGER:

By 
Lucretia Akil
Risk Manager

APPROVED AS TO FORM
BY CITY ATTORNEY:

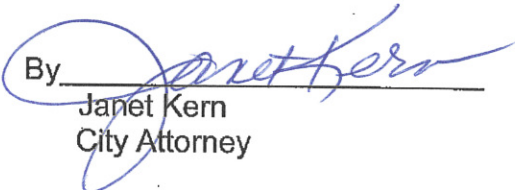
By 
Janet Kern
City Attorney

Exhibit A

SCOPE OF SERVICES

1. Caseload

The City will require at least one senior claims examiner assigned to its account. The senior examiner(s) will be State Certified, have at least five years of indemnity claims experience, three years of which includes public agency experience with public safety officers. Each examiner shall have a caseload not to exceed 150 open indemnity claims. Claims assistants shall have a caseload not to exceed 225 open medical only claims. The supervisor shall have a caseload not to exceed 75 open indemnity claims.

2. Forms

Claims Administrator shall provide all forms necessary for the processing of benefits or claims information including the Employer's Report of Injury, DWC Form 1, medical service orders, return to work slips, lost time information reports, vouchers, checks, and other related forms.

3. Claim File Set Up and Diary Review

Upon receipt of the Employer's Report of Injury, the Claims Administrator will prepare an individual claim file within one working day for each claim. All claim files shall be reviewed at least every 30 days for active claims and at least every six months for claims that have settled but are open for the employee's future medical care. The examiner shall distinguish the regular diary review from routine file documentation in the computer notepad. The supervisor shall monitor the diary reviews by printing a "No Activity" report each month to identify any files that have fallen off the diary system.

4. Employer Contact

The Claims Administrator shall immediately request the Employer's Report of Injury form when or if the Doctor's First Report of Injury is received first.

If the DWC Form 1 has not been received by the Claims Administrator within one to two days after receiving the Employer's Report of Injury, the examiner will contact the City to ensure that the DWC Form 1 was given to the employee within one working day of knowledge of the injury. If a DWC Form 1 had not been given to the injured employee, the Claims Administrator shall immediately send the DWC Form 1 directly to the employee.

The Claims Administrator shall contact the City within 24 hours of receipt of notice of a claim. Such contact with the City shall be documented in the computer notepad.

The Claims Administrator shall report to the City on each open indemnity claim, every 90 days. Such report shall include the examiner's plan of action for the future handling of the claim.

By January 1 and July 1 of each year, written status reports on all open indemnity claims will be provided to the City.

5. Employee Contact

In all non-litigated, lost time cases, where the employee has not returned to work, telephone or personal contact will be established with the injured employee within 24 hours of receipt of notice of claim. Such contact will continue as often as necessary, but at least monthly. Such contact with the employee shall be documented in the computer notepad.

Return phone calls to employees will be accomplished within 24 hours.

All correspondence from employees will be responded to within five days of receipt.

6. Reserves

Reserves shall be established based upon the ultimate probable cost of each claim. All reserve categories shall be reviewed each time the file comes up on diary. Such review shall be indicated in the computer notepad. The examiner shall utilize a reserve worksheet which has been approved by the Local Agency Workers' Compensation Excess Joint Powers Authority pursuant to that JPA's Resolution Establishing a Claims Management Policy. Any changes to reserves shall include an explanation for the change.

The claims assistant shall have the authority to establish reserves up to \$3,000. An examiner shall have authority to establish reserves up to \$50,000. A senior examiner shall have authority establish reserves up to \$75,000. The supervisor shall have authority to establish reserves up to \$150,000. The Claims Administrator's Office Manager shall review and approve all reserves in excess of \$150,000.

7. Medical Administration

The Claims Administrator shall select a panel of general practitioners, specialists, hospitals, and emergency treatment facilities to which injured employees should be referred, as approved by the City, and the Claims Administrator shall regularly review and update the panel.

The physician's office will be contacted within five days of notice of claim. Such contact will continue as needed during the continuation of temporary disability to assure that treatment is related to a compensable injury or illness.

The Claims Administrator shall maintain contact with treating physicians to ensure employees receive proper medical treatment and are returned to full or modified employment at the earliest possible date.

The Claims Administrator shall maintain direct contact with medical service providers to ensure their reports are received in a timely manner.

The Claims Administrator shall arrange medical evaluations when needed, reasonable, and/or requested in compliance with the current Labor Code.

The Claims Administrator shall ensure that medical bills are reduced to the Relative Value Schedule (RVS) and recommended rates established by the Administrative Director of Workers' Compensation. The use of a service contractor, such as Allied Managed Care or Comp Review, is acceptable provided the City's approval is first obtained. The City shall pay for the use and benefits of the services provided; however, fees charged by the service contractor shall have been approved by the City prior to the provision of services.

The Claims Administrator shall provide, at the City's expense, utilization review and/or professional managed care services on an as-needed basis, provided the City's approval is obtained prior to the provision of such service. It shall be the Claims Administrator's responsibility to assure that utilization review and/or managed care services adhere to all of the requirements and deadlines as mandated by the State Labor Code and DWC.

8. Medical Payments

Medical bills will be matched to the file, reviewed for correctness, approved for payment, and paid within 60 days of receipt. If all or part of the bill is being disputed, the Claims Administrator will notify the medical provider, on the appropriate form letter, within 30 days.

9. Investigation

The Claims Administrator shall subscribe to the Index Bureau. The examiner shall request a report from the Index Bureau on all new indemnity claims. Subsequent requests should be made every six to 12 months thereafter on all active indemnity claims.

All use of investigators for AOE/COE and sub-rosa investigations shall be approved by the City in advance of the assignment. The City shall be kept informed on the scope and results of all investigations.

10. Compensability

The compensability determination (accept claim, deny claim, or delay acceptance pending the results of additional investigation) and the reasons for such determination will be made and documented in the file within three working days of the receipt of the notification of the loss. Delay of benefit letters shall be mailed in compliance with the Division of Industrial Relations' guidelines.

In no case shall a final compensability decision be extended beyond 90 days from the City's knowledge of the claim.

11. Provision of Benefits

The Claims Administrator shall provide all compensation and medical benefits in a timely manner and in compliance with the statutory requirements of the California Labor Code. The Claims Administrator shall compute and pay temporary disability benefits to injured employees based upon earnings information and authorized disability periods. The Claims Administrator shall review, compute, and pay all informal ratings, death benefits, findings and awards, life pensions, or compromise and release settlements. However, all such benefits shall be paid by the Claims Administrator from a trust account established by the City.

12. Initial Indemnity Payment

The initial indemnity payment or voucher will be issued and mailed to the injured employee together with a properly completed DWC A within 14 days of the first day of disability.

Late payments must include the self-imposed 10% penalty in accordance with Labor Code Section 4650.

13. Subsequent Indemnity Payments

All indemnity payments or vouchers subsequent to the first payment will be verified, except for obvious long-term disability, and issued in compliance with Labor Code Section 4651.

14. Return to Work

The Claims Administrator shall provide assistance to the City in establishing a modified work program that is appropriate for injured employees while recovering and prior to their return to regular duties.

The Claims Administrator shall aggressively seek an employee's medical work restrictions or a full release to work from the employee's treating physician in an effort to return employees to their usual and customary duties, as soon as possible.

The Claims Administrator shall consult frequently with the City in those cases where the injury residuals might involve permanent work restrictions and/or retirement potential.

15. Transportation Expense

Transportation reimbursement will be mailed within five days of the receipt of the claim for reimbursement. Advance travel expense payments will be mailed to the injured employee ten days prior to the anticipated date of travel.

16. Permanent Disability

The Claims Administrator shall explain and assist injured employees in completing the necessary forms to obtain a permanent disability rating.

The Claims Administrator shall determine the nature and extent of permanent disability and arrange for an informal disability rating whenever possible to avoid Workers' Compensation Appeals Board litigation.

All permanent disability benefit notices shall be sent to the employee as required by the Labor Code.

17. Litigated Cases

The City reserves the right to select its own legal counsel. The administrator agrees to contract directly with said legal counsel and provide all necessary and reasonable assistance thereafter.

When defense counsel is not necessary, the Claims Administrator shall work closely with the applicant's attorney in informal disposition of litigated cases. All assignments to outside counsel will be done with the City's authorization and consent. In conjunction with the City, the Claims Administrator shall monitor the outside counsel's progress. The Claims Administrator shall audit all bills before payment.

Settlement proposals directed to the City shall be forwarded by the Claims Administrator or defense counsel in a concise and clear written form with a reason(s) for such recommendation.

All preparation for a trial shall involve the City so that all material evidence and witnesses are utilized to obtain a favorable result for the defense.

The supervisor or the examiner shall attend Workers' Compensation Appeals Board hearings, rehabilitation hearings, meetings with defense counsel, and meetings with member cities' staff, departments, and employee groups as necessary and as requested to do so.

18. Settlements

The Claims Administrator shall obtain the City's authorization on all settlement proposals or stipulations. All requests for settlement authority shall include a written claim summary, estimate of permanent disability, and the defense counsel's comments and recommendations, if any.

19. Subrogation

In all cases where a third party is responsible for the injury to the employee, the Claims Administrator will send a letter to the City indicating they will pursue subrogation unless instructed otherwise by the City. When subrogation is to be pursued, the third party shall be contacted within ten days with notification of the City's right to subrogation and the recovery of certain claim expenses. If the third party is a governmental entity, a claim shall be filed with the governing board within six months of the injury or notice of injury.

Periodic contact shall be made with the responsible party and/or insurer to provide notification of the amount of the estimated recovery to which the City will be entitled.

If the injured worker brings a civil action against the party responsible for the injury, the Claims Administrator shall consult with the City about the value of the subrogation claim and other considerations. Upon receipt of the City's authorization, subrogation counsel shall be assigned to file a Lien or a Complaint in Intervention in the civil action.

Whenever practical and with the authority of the City, the Claims Administrator should take advantage of any settlement in a civil action by attempting to settle the workers' compensation claim by means of a third party compromise and release. If such attempt does not succeed, then every effort should be made through the WCAB to offset claim expenses through a credit against the proceeds from the injured worker's civil action.

20. Vocational Rehabilitation

Determination of the Qualified Injured Worker/Non-Qualified Injured Worker status shall be made in accordance with Labor Code Section 4637. The Claims Administrator shall advise the injured worker of his/her rehabilitation benefits in accordance with the Rules of the Division of Workers' Compensation, within ten days of knowledge of medical eligibility. The Claims Administrator will:

- a. make timely referral to a Qualified Rehabilitation Representative in accordance with Labor Code Section 4637,
- b. control rehabilitation costs, and
- c. secure the prompt conclusion of vocational rehabilitation benefits.

21. Claim Reconciliation

All claim files shall be reconciled to ensure all medical, indemnity, and expense payments have been made correctly. The reconciliation should verify that payments were made to the correct provider, in the correct amount, and from the correct claim file. The physical file should be verified with the computer information. All open claim files shall be reconciled 1) any time there is a change from one benefit to another (e.g., from temporary disability to permanent disability), 2) when ten indemnity checks have been issued, or 3) at least annually. Proof of the reconciliation should remain in the claim file.

22. Excess Coverage

All cases meeting the special reporting criteria established by the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX), shall be promptly reported within ten days of the day on which it is known the criterion is met.

23. Award Payment

Payments on awards, computations, or compromise and release agreements will be issued within ten days following receipt of the appropriate document.

24. Penalties

The City will be advised of the assessment of any penalty for delayed payment and the reason thereof and the Claims Administrator's plans for payment of such penalty within five days of assessment.

25. Case Closure

The Claims Administrator shall close all claims on which all medical and compensation benefits have been provided within a reasonable amount of time. Claim files shall not be allowed to go without examiner attention for a period of time longer than three months. Medical only claims shall not remain open longer than six months without good cause.

Medical only cases must be closed within 60 days from the date the letter went to employee indicating there is no permanent disability.

The Claims Administrator will monitor stipulated cases with future medical provisions. Reserves for future medical will be reviewed semi-annually and adjusted according to use.

26. Loss Runs

The loss run shall be issued by the 15th of the month following the closing date. Any corrections that are requested to be made to the loss run shall be made within 30 days. The loss run generated shall contain the minimum:

- a. A management summary of all pending claims; report of all claims by current fiscal year by department; current month new claims; closed claims; all claims by date of injury by fiscal year; all claims by payment type; all active claims, alphabetical order; all claims with payment in current month with payment detail in alphabetical order by department. Claim information shall include location of injury department, a brief description, paid and reserve amounts.
- b. A fiscal year end recapitulation report providing the information referenced in 26.a above, and a "repeater" report listing all claims filed by each employee.

Requests for status of claims generated by the City shall be provided as soon as is practical.

The Claims Administrator will provide "ad hoc" reports as requested by the City.

27. Claims Reporting

The Claims Administrator shall maintain all loss information as required by the Workers' Compensation Insurance Rating Bureau.

The Claims Administrator shall assist in the preparation of all reports that are now, or will be required by the State of California or other government agencies with respect to self-insurance programs. The Claims Administrator will also assist in the preparation of all reports or databases required by the California Institute for Public Risk Analysis (CIPRA) or other statistical database organizations as requested by the City.

28. OSHA 300 Log

The Claims Administrator shall maintain all loss information as required for the OSHA 300 Log and Summary of Occupational Injuries and Illnesses. The Claims Administrator shall prepare and submit a complete OSHA 300 log for the City on or before January 30 of each year.

29. Record Retention

All claim files are the property of the City. As such, they shall be maintained in accordance with statutory time requirements and the City's Record Retention Policy, and shall not be destroyed without the written permission of the City.

30. Claim Supervision

The Claims Administrator shall provide supervisory staff who will regularly review the work product of the claims examiners. The supervisor shall review at least 10% of each examiner's caseload each month to ensure each examiner is following the performance standards outlined in this RFP. In addition, the supervisor shall conduct a regular quarterly review of all open indemnity claims with reserves in excess of \$50,000 and all problem or complex claims.

The supervisor will meet at least quarterly with the City to evaluate open indemnity claims including litigated cases. The purpose of the meeting shall be to outline losses and identify problems, examine reserves, identify current trends, discuss relevant changes in the Labor Code, apply new case law to existing claims, discuss the need for improving or altering claims management, to make recommendations for improvements in communications between the Claims Administrator and the City.

31. Availability of Personnel

The Claims Administrator shall at all times, have one or more of the examiners assigned to the City's unit, or in their absence, the supervisor, office manager, or an Officer of the Claims Administrator shall be available by telephone for emergencies through a 24-hour emergency telephone number.

The Claims Administrator shall ensure at least one or more of the examiners assigned to the City's unit is on call and available to the City every business day throughout the term of the contract period.

In the event of a leave of absence for any reason, vacation, or termination of an examiner assigned to the City's account, the City shall be immediately notified, and the examiner's position shall be backfilled by another employed examiner, or a temporary employee within five working days.

The City acknowledges that the Claims Administrator reserves the right to employ an examiner of their choosing. However, in the event of a vacancy of an examiner on the City's account, the City shall be allowed to review the resumes of and interview the finalists for the position, and be consulted prior to the Claims Administrator's final selection.

32. Examiner Training

The Claims Administrator shall ensure each claims examiner handling the City's claims will receive continuing education training each year. Claims Administrator shall annually certify this in writing.

33. Member Services

The Claims Administrator shall provide special on-site training services annually to personnel from the City to ensure that the people within the City who process workers' compensation claims are effectively carrying out the procedures required for a successful program. A copy of the City's claims manual should be readily available for review by the appropriate City staff or representative.

The Claims Administrator shall require its examiners or other Claims Administrator personnel, as necessary, to attend the City's regularly scheduled quarterly meetings to report on the general state of the program since the last meeting and on any particular cases of interest to the City.

The Claims Administrator shall require one of the dedicated unit examiners to meet with City personnel, at the City's location, at least once annually to review program procedures regarding workers' compensation reporting requirements and other program matters that require the timely participation of the City's personnel.

The Claims Administrator shall require an examiner to be available and readily respond to City's request for assistance with problem cases, including on-site visits to the City.

The Claims Administrator shall provide the City with information regarding statutes, proposed changes to statutes, and changes to the rules and regulations affecting the City and its responsibility to LAWCCX.

The Claims Administrator shall assist the City in recommending and developing policies and procedures in areas such as pre-employment physicals, work restrictions, and disability retirement, as required by the City.

34. Employee Services

As required, the Claims Administrator will develop, for review by the City, materials which will provide information and guidance to city employees regarding workers' compensation and the self-insurance program.

As required, the Claims Administrator will meet with and assist injured employees in resolving problems that arise from injury or illness claims.

35. Risk Management Information System

The City currently uses Claims Connect for online claims tracking. York will need to continue to provide software and hardware specification including licensing requirements as part of this contract. All costs associated with the purchase, installation, data transfer, and training will be the responsibility of the Claims Administrator. The Claims Administrator shall provide user training and product support for any new system for the length of the contract.

Exhibit B

Compensation to Claims Administrator

SERVICE	IMPLEMENTATION FEE	FIRST YEAR	SECOND YEAR	THIRD YEAR
Claims Administration	None	\$134,757.00	\$134,757.00	\$138,800.00
Renewal Option Year Four	The City may exercise three options of two years each with 60-day prior notice to Claims Administrator. Fees will not exceed 10.0% from the previous year(s).			
Data Storage/Maintenance	Included in claims fee			
Standard Reporting	Included in claims fee			
Ad Hoc Reporting Access	Included in claims fee			
Return to Work Policy	Included in administration fee			
Medicare/Medicaid Reporting	Included in administration fee			
Online Access Software/Support	Included in claims fee			
Claims Edit/Diary Entries	Included in online access fee			
Claims Conversion Fee (Software Vendor)	None	None		
OPTIONAL SERVICES:				
Medical Provider Network	One time \$1,500 application fee	\$65.00 per claim for life of the contract. Well Comp Managed Care Services 50/50 share of the negotiated contracted reduction below fee schedule.		