

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

This Agreement is entered into effective the 1st day of January, 2018, by and between Sedgwick Claims Management Services, Inc. (“Sedgwick”) and Michigan County Road Commission Self-Insurance Pool (“Client”).

RECITALS

1. Client self-insures its claims administration program for general liability, automobile liability, property liability and property physical damage 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.

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) Issue a voucher statement to the Client with Sedgwick’s recommended payment of benefits, expenses, or settlement based on information available to Sedgwick;
 - (5) Maintain a file for each Qualified Claim which shall be the property of Client and which shall be available for review by Client during normal business hours upon three (3) days prior written notice;

- (6) 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;
 - (7) 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
- B. Sedgwick shall provide the call center services as set forth in the attached Call Center Service Schedule.
 - C. Sedgwick shall provide the special investigative unit (SIU) services set forth in the attached SIU Service Schedule.

2. Obligations of Client:

- A. 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.
- B. Client shall at all times be responsible for 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, 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.
- C. 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. Client agrees to promptly pay any claim payments or allocated loss adjustment expense payments after receiving a voucher from Sedgwick timely and confirm to Sedgwick that Client has made payment within a reasonable time after making payment. The Client shall be responsible for any fines or penalties assessed if he Client is late in paying any claim payment or allocated loss adjustment expense payment, including any fines or penalties assessed against Sedgwick. Client shall immediately notify Sedgwick of any payment on a Qualified Claim that does not originate from a Sedgwick provided voucher. If the Client fails to notify

Sedgwick of any such payments, the Client shall assume all costs related to the failure, including any fines or penalties assessed against Sedgwick.

- D. 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. 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 fees for services performed up to the date exercises its rights.

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' 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 of Michigan.

5. Term of Agreement and Termination:

- A. The term of this Agreement shall be for the period commencing on January 1, 2018 and ending on December 31, 2018.
- 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.
- C. 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, data tape fees, 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.

- D. 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. 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. Upon request and for the prevailing fees at the time of termination, Sedgwick will also provide its standard tape(s) containing the computer data for the Qualified Claim files stored on Sedgwick's computer system(s).

6. Practice of Law:

It is understood and agreed that Sedgwick will not perform, and Client will not request performance of, any services which may constitute the unauthorized practice of law.

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 ("Client Subcontractor"), retains administration of a claim or performs 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 attorney's fees), claim or judgment which is attributable to Client's input or modification of data.
- D. 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 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, Sedgwick Claims Management Services, Inc., 1100 Ridgeway Loop Road, Memphis, TN 38120, in the case of Sedgwick, and to Administrator, Michigan County Road Commission Self-Insurance Pool, 417 Seymour Avenue, Suite 2, Lansing, MI 48933 in the case of Client.

10. Successors:

This Agreement shall be binding upon and shall inure to the benefit of all transferees, assigns and successors in interest of any kind of the parties hereto, but no transfer or assignment may be made without the prior written permission of the other party.

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 Michigan without regard to conflicts of law principles.

13. 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. Notwithstanding anything to the contrary in this Section 13, Client acknowledges that and force majeure incident will not relieve the Client’s obligation to pay fees that are due Sedgwick for services Sedgwick has performed.

14. Headings:

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

15. 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.

16. 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.

17. 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 is 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.

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

Michigan County Road Commission
Self-Insurance Pool

Sedgwick Claims Management Services, Inc.

By _____

By _____

Title _____

Title _____

Date _____

Date _____

EXHIBIT A

SERVICE PROGRAM OVERVIEW

I. Introduction

Sedgwick is administering the self-insured general liability, automobile liability, property liability and property physical damage claims for Client as follows:

State Serviced: Michigan

Sedgwick Servicing Office: Troy, Michigan

II. Account Coordination

On behalf of Client, this service program will be coordinated by:

Gayle Cummings, Administrator
Michigan County Road Commission Self-Insurance Pool
417 Seymour Avenue, Suite 2, Lansing, MI 48933
Telephone # 517-482-9166
Fax # 517-485-4809

On behalf of Sedgwick, this service program will be coordinated by:

Ann Marie Roberts
Sedgwick Claims Management Services, Inc.
2855 Coolidge, Ste 216
Troy, MI 48084
Telephone #248-637-4286
Fax # 248-637-3150

Each party reserves the right to change its designated representative during the term of the Agreement.

EXHIBIT B

SERVICE FEES

Client shall pay the following fees on a life of contract basis for services provided during the term of this Agreement:

1. Flat Rate Fee

A. Client shall pay the following fees for claims received by Sedgwick during the period beginning January 1, 2018 and ending December 31, 2018:

i. January 1, 2018 and ending December 31, 2018:

\$99,500

If acquisitions or divestitures by Client, changes in program requirements, or fluctuations in claim volume materially impact the staffing requirements, Sedgwick and Client shall discuss and agree on the appropriate staffing modifications. For purposes of this agreement, material impact shall be defined as if the reported claim volume fluctuates by 10% either way, the fee is subject to re-negotiation. After new staffing levels have been mutually agreed upon, Sedgwick shall submit to Client a revised budget that reflects such modifications. Sedgwick and the Client shall negotiate a mutually agreeable revised estimated annual Flat Fee based on the revised budget.

2. Miscellaneous Charges

Client shall pay the following fees for services provided during the period beginning on January 1, 2018 and ending on December 31, 2018:

A. viaOne access, which includes two (2) view users, is included in the Flat Rate Fee. Additional access is available for a fee of \$320 per view user per year and \$1,595 per query user per year.

B. Intake is included in the Flat Rate.

C. Client shall pay for storage of claim files which were closed at the time that Sedgwick obtained the Program. Sedgwick's liability for such files shall be subject to the same limitations as contained in its written agreements with storage service providers, if any.

3. Invoicing

Sedgwick shall bill Client monthly for 1/12 of the annual Flat Fee.

4. SIU Service Fees

The charges set forth below are the current fees for the services listed, and these fees may change from time to time upon sixty days prior written notice to Client:

| Service name | Price |
|--------------------------------|---|
| Research services | |
| Comprehensive background | \$450 |
| Social media investigation | \$250 |
| Canvassing services | \$250 |
| Skip tracing/individual locate | \$175 |
| Asset check | \$225 |
| Criminal and civil check | \$135 plus cost of records Additional counties: \$35 (per county) |
| Records request | \$100 plus cost of records |
| Social media monitoring | Quote upon request |
| Other research services | Quote upon request |
| Field services | |
| Surveillance | \$85 per hour: All other states \$95 per hour: California, Hawaii and New York <u>Additional expenses to hourly rate:</u> <ul style="list-style-type: none"> • Report writing (up to 1/2 hour per day at standard surveillance rates) • Pre-surveillance investigation: \$85 • Travel: \$65 per hour (includes fuel and mileage). • License plate searches : \$10 (post prelim) |
| Unmanned surveillance | \$700 per day (three-day minimum) Deployment and extraction of stationary device: \$85 per hour: All other states \$95 per hour: California, Hawaii and New York |
| Alive and well | \$250 flat rate: All other states \$275 flat rate: California, Hawaii and New York |
| Activity check | \$325 flat rate: All other states \$350 flat rate: California, Hawaii and New York License plate searches: \$10 each |
| Field investigations | \$85 per hour (portal to portal): All other states \$95 per hour (portal to portal): California, Hawaii and New York Mileage charged at IRS standard mileage rate |
| Trial/Deposition | \$85 per hour (portal to portal): All other states \$95 per hour (portal to portal): California, Hawaii and New York Mileage charged at IRS standard mileage rate |
| Video services | \$50 per additional copy plus shipping |
| Fuel surcharge/credit | 2% if fuel cost is greater than \$3.75 for 30 consecutive days |

| Service name | Price |
|--|---|
| International investigations | Quote upon request |
| Other field services | Quote upon request |
| Assessment services | |
| Suspect file review | \$95 per hour |
| Fraud investigation (includes state reporting when warranted) | \$95 per hour |
| Comprehensive SIU intelligence program | Workers' compensation and general liability — \$150 per claim triggered (includes up to three claim triage reviews per claim triggered) |
| Other assessment services | Quote upon request |

5. Payment Terms

Client acknowledges that all fees set forth in the Agreement are due and payable within thirty (30) days of the invoice. Any and all past due fees will incur interest at the rate of 1.5% per month, unless otherwise prohibited by law. Client acknowledges that in the event Sedgwick undertakes collection proceedings for any outstanding fees, then Client will reimburse Sedgwick for all costs associated with such collection action, including a reasonable attorney fee and court cost.

All fees are contingent upon claim management from the JURIS system.

CALL CENTER SERVICE SCHEDULE

1. Sedgwick will perform the following call center services:
 - A. Provide to the Client an email address owned by Sedgwick to be used by Client and its employees to access the Sedgwick claims intake center during the term of the Agreement between Client and Sedgwick regarding a claims administration program for Client's Program as defined in Exhibit A.
 - B. Shall fill out the appropriate form as required by an applicable program or statute.
 - C. Provide a copy of the form to Client via fax, mail, or electronically as agreed with Client.
 - D. Provide a copy of the form via fax, or electronically to the Sedgwick office responsible for managing the loss, as necessary.

2. Client agrees that:
 - A. Client shall provide Sedgwick in a timely manner information to facilitate distribution of report copies by Sedgwick.
 - 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 hereof, plus applicable taxes, if any.

SIU SERVICE SCHEDULE

Sedgwick Special Investigations Unit (“Sedgwick SIU”) will provide centralized management of investigative service vendors and will maintain a national vendor list of approved service providers based upon client or local Sedgwick office preference. Sedgwick SIU will establish quality benchmarking and ensure its vendors are properly licensed and maintain insurance coverage as mandated in vendor agreements with these firms.

Sedgwick SIU will serve as a central referral and coordination unit providing the following SIU services for the fees itemized in Exhibit B:

1. Assessment services including case review, consultation, action plan development, state fraud filing, claim file demand and fraud packaging.
2. Field services including surveillance, activity checks, alive and well checks, and on-site investigations including recorded statements, AOE/COE, and scene investigations.
3. Research services including comprehensive background checks, internet searches, facility canvasses public records, skip tracing, criminal, civil and asset checks.
4. SIU compliance services including carrier and state annual reporting and fraud awareness training.
5. And, other services as outlined in Exhibit B.