

SERVICE AGREEMENT

THIS SERVICE AGREEMENT (this "Agreement") shall commence on this ___ day of June 2016, by and between Assured NL Insurance Services, Inc, a Delaware corporation, dba Risk Management Services Company ("Service Provider") and the LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT, an urban county government of the Commonwealth of Kentucky pursuant to Chapter 67A of the Kentucky Revised Statutes (Client).

PRELIMINARY STATEMENTS

WHEREAS, Client issued RFP No. 12-2016 Third Party Administrator for Claims Adjustment Handling Services for Workers Compensation, Auto Liability and Physical Damage, General Liability, and Property Claims; and

WHEREAS, Client has determined that Service Provider submitted the response to the above proposal that provided the best value to the Client and was in the best interest of the Client to pursue through an agreement for related services; and

WHEREAS, Client desires for Service Provider to provide various services which were requested by Client through the above RFP for and on behalf of Client; and

WHEREAS, Service Provider agrees to perform such services on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and of the mutual promises and covenants hereinafter contained, the parties agree as follows:

ARTICLE 1 - SERVICES PROVIDED

This Agreement is comprised of the terms and provisions of this agreement as well as the following documents, which are attached hereto as exhibits and incorporated herein by reference as if fully stated: (a) RFP No. 12-2016 (Exhibit "A"); (b) Response of Risk Management Services Company to RFP No. 12-2016 (Exhibit "B"); and (c) List of RMSC's Tasks as Claims Manager for LFUCG (Exhibit "C"). To the extent of any conflict among or between the terms and provisions of these documents, this agreement shall prevail, followed by the RFP, the RFP Response and List of RMSC's Tasks as Claims Manager for LFUCG. Subject to all other terms and conditions of this Agreement, Service Provider shall provide the services (the "Services") further described in its proposal that is attached hereto as Exhibit B (the "Proposal") and the List of Claims Manager Tasks that is attached hereto as Exhibit C. The term of this Agreement shall be for three years with an effective date of July 1, 2016. The Agreement shall automatically renew for up to two (2) additional terms of one (1) year each unless Client

notifies Service Provider in writing at least sixty (60) days in advance. **ARTICLE 2 - PROPRIETARY RIGHTS**

Service Provider shall retain all title, copyright, and other proprietary rights in and to all materials and systems, all works of authorship and all intellectual property created, utilized or developed by Service Provider or its representatives in the performance of the Services under or otherwise in connection with this Agreement, including, without limitation, computer programs, computer equipment, products, software, designs, plans, specifications, computer output, valuations, estimates, reports, modules, formats, risk data record formats, procedures, documentation and every innovation, conception, improvement, discovery or invention and any and all intellectual property rights associated therewith; but excluding any materials delivered by Client to Service Provider in connection with this Agreement. This does not include the data in and the system components of the Riskmaster database system or any materials derived therefrom.

ARTICLE 3 - RELATIONSHIP OF PARTIES AND THIRD PARTIES

3.1. Service Provider, at all times, shall be an independent contractor, and employees of Service Provider shall in no event be considered employees of Client.

3.2. In the event that Client or its representatives provide PHI to Service Provider in connection with the performance of the Services, the parties agree to take reasonable steps necessary to protect the security and confidentiality of such PHI in accordance with HIPAA, the Rules, and other laws relating to the privacy and security of PHI, which are now in force or which may hereafter be in force.

ARTICLE 4 - COMPENSATION

4.1. Service Provider shall be compensated by Client for the Services rendered hereunder in accordance with the flat fee Proposal submitted in the RFP response and provided below. All fees are on an annual basis to closure of the matter.

Year One:

Workers Compensation	\$105,700
Auto Liability	\$115,000
General Liability	Included Above
Auto Physical Damage	\$24,000
Property	\$16,000
Subrogation	20%

Year Two:

Workers Compensation \$108,800
Auto Liability \$115,000
General Liability Included Above
Auto Physical Damage \$ 24,000
Property \$ 16,000
Subrogation 20%

Year Three:

Workers Compensation \$108,800
Auto Liability \$118,000
General Liability Included Above
Auto Physical Damage \$ 24,000
Property \$16,000
Subrogation 20%

“Pothole claims” and “Sewer backup claims” (generally denied due to Sovereign Immunity).
\$ 4,500 flat annual fee each year

Years Four and Five (Optional at Discretion of LFUCG):

Workers Compensation \$112,000
Auto Liability \$120,000
General Liability Included Above
Auto Physical Damage \$ 24,000
Property \$16,000
Subrogation 20%

Claims Management Services

\$78,000 per year.

This is based on being in the LFUCG offices 2 days per week to facilitate interaction and communications with LFUCG staff and attending meetings as needed, as is currently required.

ARTICLE 5 - TERMINATION

5.1. This Agreement may be terminated by Client at any time upon prior written notice to the other party.

5.2. In addition to all other rights and remedies available to Service Provider under this Agreement and applicable law, Service Provider may cancel this Agreement and discontinue its services hereunder immediately upon notice to Client if Client: (a) is acquired by or merges with any other entity, unless this Agreement is assumed in writing by the new entity and such assumption is agreed to by Service Provider; (b) dissolves, liquidates a substantial part or all of its business or has a bankruptcy proceeding filed by or against it; or (c) threatens insolvency or has a receiver or trustee appointed on its behalf.

5.3 In the event of termination by either party, the Parties agree to cooperate with each other for any balance of the term of the Agreement and for a reasonable amount of time thereafter. Such cooperation will include, without limitation, return of each party's respective property, transfer by Service Provider of Client's information, including electronic records, and communicating with each other regarding all matters pertaining to the Agreement and its cessation.

ARTICLE 6 - CONDITIONS AND LIMITATIONS

6.1. Service Provider does not act as an insurer for Client, and this Agreement shall not be construed as an insurance policy or a contract or agreement of indemnity; it being understood that Service Provider is in no event financially responsible for the payment or satisfaction of claims, lawsuits, or any cause of action of any form, kind or nature against Client.

6.2. Service Provider's responsibility for the performance of Services as specified in this Agreement is conditioned upon Client fully cooperating with, and providing all assistance requested by, Service Provider; and the performance by Client of all other obligations under this Agreement.

6.3. The Services to be provided by Service Provider hereunder are not of a legal nature, and Service Provider shall in no event give, or be required to give, any legal opinions or provide any legal representation to Client.

6.4. SERVICE PROVIDER WARRANTS THAT IT WILL PERFORM THE SERVICES HEREUNDER IN A GOOD AND WORKMANLIKE MANNER. SERVICE PROVIDER EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES, EITHER EXPRESS OR IMPLIED, AS TO SUCH SERVICES AND ITS PERFORMANCE HEREUNDER.

IN NO EVENT SHALL EITHER PARTY TO THIS AGREEMENT BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES OR DAMAGES OF ANY SIMILAR NATURE OR FOR ANY LOST PROFITS OR OTHER ECONOMIC LOSS RELATING TO, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE SERVICES PROVIDED HEREUNDER.

6.5. Neither party shall be in breach of this Agreement if there is a total or partial failure by it in its duties and obligations occasioned by any act of God, fire, act of foreign, federal, state or local government, war, civil commotion, insurrection, embargo, prevention from or hindrance in obtaining any raw materials, energy or other supplies, labor disputes or whatever nature, or any other reason beyond its reasonable control. In the event of delay in performance due to any such cause, the date of the delivery or time for completion will be extended by a period of time reasonably necessary to overcome the effect of such delay.

6.6. Any recommendations by Service Provider hereunder are advisory only for the sole purpose of assisting Client. All surveys and reports shall be based upon the conditions observed and the information supplied by Client during any Service Provider visit of Client's location(s) and Service Provider shall be under no obligation to verify or investigate the accuracy or completeness of the data and information provided by Client. Any survey performed by Service Provider pursuant hereto is not a comprehensive safety inspection. Client acknowledges that Service Provider does not guarantee, assure or warrant: (1) the safety of any of Client's locations, properties or operations; or (2) that compliance with, or implementation of, Service Provider's recommendations will eliminate or reduce any or all hazards, accidents or other losses. Service Provider assumes no responsibility for management or operation of loss control and safety procedures and Client acknowledges that Service Provider shall not be deemed to be acting for or on behalf of Client's safety, risk management or other similar department.

6.7. This Agreement shall be binding upon the parties and their respective successors and permitted assigns. Except with respect to an assignment or subcontract by Service Provider to any direct or indirect present or future parent, subsidiary or affiliate, neither party may assign this Agreement, or its rights hereunder, without the prior written consent of the other party hereto.

6.8. All notices to be given pursuant to this Agreement shall be in writing, and shall be deemed to have been duly given when personally delivered or when mailed by United States first class mail, postage prepaid, to the following addresses:

If to Client:

Commissioner of Law
LFUCG Department of Law
200 East Main Street
Lexington, KY 40507

If to Service Provider:

Risk Management Services Co.
2211 River Road
Louisville, KY 40206
Att: Jeff Rausch

6.9. The terms of this Agreement shall be governed by the laws of the Commonwealth of Kentucky.

6.10. The parties hereto mutually agree that this Agreement is intended by them to be solely for the benefit of the parties hereto and that no third parties may rely on any reports, analyses or other material provided by Service Provider or shall obtain any direct or indirect benefits from this Agreement, have any claim or be entitled to any remedy under this Agreement or otherwise in any way be regarded as third party beneficiaries of this Agreement.

6.11. This Agreement and the attached exhibits constitute the entire understanding and agreement between the parties hereto, and supersede all prior or contemporaneous agreements or understandings, written or oral, of the parties hereto. This Agreement may be amended or modified only in a writing executed by both parties. No waiver of one or more provisions of this Agreement shall constitute a waiver of any other provision.

6.12. Anything to the contrary contained in this Agreement notwithstanding, the provisions of and Articles 2 through 6 shall survive any termination or expiration of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Service Agreement as of the day and year first above written.

Assured NL Insurance Services, Inc

Lexington-Fayette Urban County
Government

BY: Charles J. Rausch

BY: _____
Jim Gray

TITLE: Sr. Vice President

TITLE: _____
Mayor