

**SERVICE CONTRACT FOR MULTIPLE LINES**  
**CLAIMS HANDLING**

THIS SERVICE CONTRACT FOR AUTOMOBILE LIABILITY, GENERAL LIABILITY, AUTOMOBILE PHYSICAL DAMAGE, AND WORKERS' COMPENSATION CLAIMS HANDLING is made and entered into this 16th day of May 2016, but is effective for all purposes as of the 1st day of October, 2016, by and between the MARION COUNTY BOARD OF COUNTY COMMISSIONERS (referred to as the "Client"), and JOHNS EASTERN COMPANY, INC. (referred to as the "Service Agent").

**WITNESSETH:**

**WHEREAS**, the Client has undertaken to self-insure its Automobile Liability, General Liability, Automobile Physical Damage, and Workers' Compensation liability in accordance with the Florida Workers' Compensation Law and other applicable Florida statutes and regulations; and

**WHEREAS**, the Service Agent is engaged in the supervision and administration of programs for self-insured Clients;

**WHEREAS**, the Client desires to engage the Service Agent for, and the Service Agent desires to assist the Client in, automobile liability, general liability, automobile physical damage, and workers' compensation claims handling;

**NOW, THEREFORE**, for and in consideration of the premises and of the mutual obligations, performance of services, and payment of compensation set forth herein, the parties agree as follows:

1. **Engagement.** The Client hereby engages the Service Agent to supervise and administer the Self-Insured Workers' Compensation Program of the Client in accordance with the Workers' Compensation Law as adopted and amended by the State of Florida (the "Law") and the applicable rules and regulations as promulgated by the applicable agencies of the State of Florida relating to the Law (the "Rules"), all in accordance with the client's RFP number 16P-106 and the Service Agent's proposal dated March 29, 2016, a copy of which is attached hereto and incorporated herein by this reference (the "Proposal").
2. **Term.** Subject to termination pursuant to Paragraph 10, the term of this Agreement shall begin as of October 1, 2016 and shall terminate on September 30, 2017; provided, however, that this Agreement shall renew on an annual basis automatically unless otherwise terminated.
3. **Fund for Payment of Claims.** The Client has the sole obligation and responsibility for funding the payment of claims under the Law and Rules. The Service Agent assumes no duty to fund any such claims at any time and shall have no obligation to advance funds for any such payment. The Client agrees to maintain all necessary funds for payment of claims in accordance with the Law and Rules and to inform the Service Agent of all relevant details with respect to any such accounts in order for the Service Agent to

perform its duties under this Agreement. The Client shall add to or increase the amount in any such accounts as needed, and, in any event, within five (5) business days from the Service Agent's notice to the Client to such effect. The Client shall be responsible for all fees, fines or claims incurred and/or any loss or damages sustained by the Service Agent in the event Client does not meet its obligations under this paragraph 3.

4. **Allocated Claims Expenses.** Charges for services below are billed at negotiated rates for vendors selected by CLIENT/SERVICE AGENT unless otherwise outlined below.

"Allocated Claims Expenses" shall be defined as expenses arising in connection with the settlement of claims, which shall be defined as expenses directly allocated to a particular claim to be discharged from the accounts funded by the Client specified in Paragraph 3, including, but not limited to:

- a. Attorneys' and legal assistants' fees for claim and any lawsuits, before and at trial, on appeal, or otherwise;
- b. Court and other litigation and settlement expenses, including, without limitation:
  - (i) Medical examinations to determine extent of liability;
  - (ii) Expert medical and other testimony;
  - (iii) Laboratory, X-ray and other diagnostic tests;
  - (iv) Autopsy, surgical reviews, and other pathology services;
  - (v) Physician and related fees and expenses in reading, interpreting, or performing any of the foregoing tests or services;
  - (vi) Stenographer, process server, and other related trial preparation, trial, settlement, and court costs;
  - (vii) Witnesses fees and expenses before and at trial, deposition, settlement discussions, or otherwise;
- c. Fees and expenses for surveillance, private investigators, or otherwise;
- d. Fees for the indexing of injured employees and third party claimants;
- e. Fees for any work done outside the office, including, but not limited to, field investigations necessary to determine compensability, liability, Special Disability Trust Fund or subrogation recoverability, claimant control, attendance at mediations, hearings and depositions, attendance at medical consultations or hearings, appraisals, and recorded statements;
- f. Fees for any field investigation will be \$85.00 per hour, \$0.55 a mile and \$1.00 per color photograph and administrative expense. We will bill at these rates all

activities involving handling, controlling, or settling a Client's liability on a claim and fees are charged back to and paid from the claim file;

- g. Fees for over-night or special mail service for various documents;
- h. Fees for examining and reducing hospital and medical bills as appropriate will be \$5.95 per bill, 30% of all savings over and above Fee Schedule reductions, and 35% out-of-network and hospital audit savings,
- i. Telephonic medical management
  - (i) all medical only and lost time cases - \$195.00/ file
  - (ii) selected cases only - \$895.00per case\*per claim fee is billed one-time when the claim is reported for the life of the contract or closing of the file
- j. Photocopying and/or CD-ROM copies and review of relevant documentation;
- k. Fees for Pre-Certification of Hospital Admissions, On-Site Case Management, Peer Review, Medical Care Audits, and Hospital Bill Audits; and
- l. Medicare Set-Aside (MSA) services to include; recommendation for MSA submission, MSA cost projection, MSA submission, liability MSA services, comprehensive drug utilization review, lien search, conditional lien dispute, projection update.

5. **Compensation for the Service Agent.** For performing its services under this Agreement, the Service Agent shall be entitled to the following compensation:

- a. Fees for claims handling for Workers' Compensation, General Liability, Auto Liability, Property, Errors & Omissions, and Employers' Liability exposures whose dates of loss fall between October 1, 2016 and September 30, 2017 will be an annual minimum and deposit of \$204,750.00. We will bill this minimum and deposit monthly, with the first payment due when the program begins. Service Agent will guarantee the minimum and deposit fee through September 30, 2018.
- b. Any future year cost increase requires 120 days written notice to the Client and would become effective upon the anniversary date of the contact.

**Reports-** Standard Johns Eastern PDF reports are provided at no charge. However, if specific custom reports are needed and programming is required there will be an hourly fee of \$200.00 billed. The programming quote will be provided to the CLIENT prior to completion for approval to proceed with programming.

6. **Excess Reporting Obligation.** Unless otherwise specified in this Agreement, Service Agent agrees that reporting claims to excess insurance carrier is the Service Agent's

responsibility. It is the responsibility of the Client to provide accurate coverage information regarding any insurance policies insuring claims covered by this contract. The information for all claim years that the Service Agent is handling will be made available to the Service Agent within 90 days of contract inception. New insurance information on renewal years will be made within 90 days of renewal date. Excess information will include name and claims reporting address and phone number of all carriers, policy number, effective dates, limits of liability, deductibles, specific retentions and loss funds. Actual policies will be provided. The excess information is required for each claim year that the Service Agent is handling for the Client. If the excess information is not made available as outlined in this paragraph, Service Agent will not be responsible for any penalties, interest, or reductions in excess recoveries, or any other liabilities because of late reporting as a result of or in connection therewith. The Service Agent shall not be responsible for costs, judgments', settlements, damages, etc. resulting from the excess carrier's denial of a claim due to untimely reporting at the fault of the prior administrator(s) for claims assumed under the current contract. The Service Agent shall not be responsible for reporting to excess or collecting recoverable(s) for closed claims at time of contract inception, unless so directed by Client.

7. **Medicare Data/Reporting Requirements –**

Unless otherwise specified in this Agreement, Service Agent agrees that reporting claims where the claimant is a Medicare beneficiary to CMS is the Service Agent's responsibility, refer to Section 111 for reporting requirements. It is the responsibility of the Client to provide the Service Agent with all Medicare claim input SUBMISSION and RESPONSE information within the transfer of claims. The information provided must include all Query submission, Query response, claim input submission and response files available back to 01/01/2010. If this Medicare data is not made available to the Service Agent by Client as outlined in this Paragraph at least 30 days prior to the next quarter submission, Service Agent will not be responsible for any penalties, interest or any other liabilities because of the late reporting as a result of insufficient data. The Service Agent shall not be responsible for reporting to Medicare for closed claims at time of contract inception.

8. **Continuing Handling of Claims After Termination of Contract or Legally Imposed Mandates.**

Upon termination of this Agreement as set forth in paragraph 10, the Service Agent agrees to continue handling all claims that have been made and reported to it prior to such date of termination for thirty (30) days unless the parties have agreed otherwise in writing.

Upon repeal of any service mandated by the workers' compensation law and/or other applicable statutes and/or regulations, the Service Agent agrees to continue handling all claims under the repealed service that have been reported to it prior to the date of such repeal for thirty (30) days unless the parties have agreed otherwise in writing.

Upon exiting, client data will be provided to the new TPA either by a series of attachments to one or more email messages containing zip files which can be password-protected or via CD ROMS. The claim files may exist as paper files and will be shipped as such. If the claim files are stored as images in a document retrieval system, they will be

provided via CD ROM or the most current means of providing data at the Service Agent's option. The cost for this will be no greater than \$3,500.00. The Client will be billed for any additional programming to help in data transfer.

9. **Jury Waiver.** In any civil action, counterclaim, or proceeding, whether at law or in equity, which arises out of, concerns, or relates to this agreement, any and all transactions contemplated hereunder, the performance hereof, or the relationship created hereby, whether sounding in contract, tort, strict liability, or otherwise, trial shall be a court of competent jurisdiction and not to a jury. Each party hereby irrevocably waives any right it may have to a trial by jury. Neither party has made or relied upon any oral representations to or by any other party regarding the enforceability of this provision. Each party has read and understands the effect of this jury waiver provision.
10. **Termination.** This Agreement may be terminated by either the Client or the Service Agent by giving prior written notice of ninety (90) days. In the event of such termination, compensation paid or payable to Service Agent under Paragraph 5 shall be prorated as applicable. Notwithstanding anything in this Paragraph 10 to the contrary, the insolvency or filing for relief from creditors of any party pursuant to the United States Bankruptcy Code or the material breach of a material provision of this Agreement by any party shall permit the other party to cancel this Agreement immediately upon written notice.
11. **Covenants of the Service Agent and the Client.** Each of the Service Agent and the Client agrees to use reasonable industry standards in the performance of its duties under this Agreement and will use its best efforts to comply at all times with the Law and the Rules.
12. **Indemnification.** Each party agrees to indemnify, defend and hold harmless the other, its officers, board members, agents, representatives and employees from and against any and all fines, suits, claims, demands, penalties, liabilities, costs or expenses, losses, settlements, judgments and awards and actions of whatever kind or nature, including attorney's fees and cost (and costs and fees on appeal), and damages (including but not limited to, actual and consequential damages) arising from any negligent, willful or wrongful misconduct, knowing misrepresentation or breach of this Agreement by such party, its officers, board members, agents, representatives or employees. This paragraph shall not be construed in any way to alter the State's waiver of sovereign immunity or extend the parties liability beyond the limits established in Section 768.28, Florida Statutes.
13. **Miscellaneous.**
  - a. Each party represents and warrants that it has full power and authority to enter into this Agreement.
  - b. All notices, requests, demands and other communications which are required or may be given under this Agreement shall be in writing and shall be deemed to

have been duly given when received if (i) personally delivered; (ii) transmitted by telecopy, electronic telephone line facsimile transmission, or other similar electronic or digital transmission method and its receipt is acknowledged by the receiving party; (iii) sent by a nationally recognized expedited delivery service that provides confirmation of delivery and permits delivery, if applicable, to a P.O. Box address; or (iv) mailed by certified or registered mail, postage prepaid. In each case, notice shall be sent to:

If to the Client: Marion County Board of County Commissioners  
521 SE 26<sup>th</sup> Ct.  
Ocala, FL 34471

If to the Service Agent: Johns Eastern Company, Inc.  
Post Office Box 110259  
Lakewood Ranch, FL 34211

or to such other address as either party may have specified in writing to the other using the procedures specified above in this Paragraph.

- c. (i) This Agreement shall be construed pursuant to and governed by the substantive laws of the State of Florida (and any provision of Florida law shall not apply if the law of a State or jurisdiction other than Florida would otherwise apply).
- (ii) The headings of the various Paragraphs in this Agreement are inserted for the convenience of the parties and shall not affect the meaning, construction, or interpretation of this Agreement.
- (iii) Any provision of this Agreement which is determined by a court of competent jurisdiction to be prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction. In any such case, such determination shall not affect any other provision of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect. If any provision or term of this Agreement is susceptible to two or more constructions or interpretations, one or more of which would render the provision or term void or unenforceable, the parties agree that a construction or interpretation which renders the term or provision valid shall be favored.
- d. This Agreement constitutes the entire Agreement, and supersedes all prior agreements and understandings, oral and written among the parties to this Agreement with respect to the subject matter hereof.



- e. (i) If, within ten (10) days after demand to comply with the obligations of one of the parties to this Agreement served in writing on the other, compliance or reasonable assurance of compliance is not forthcoming, and the other party takes steps to enforce rights under this Agreement pursuant to paragraph 9 or otherwise, the prevailing party in any action shall be entitled to recover all reasonable costs and expenses (including all reasonable attorneys' and legal assistants' fees).
- (ii) If any monies shall be due either of the parties to this Agreement hereunder and shall not be paid within forty-five (45) days from the due date of such payment, interest shall accrue on such unpaid amount at the rate of 1% per month in accordance with the Florida Prompt Payment Act - F.S.218.70-79.
- f. This Agreement shall be binding upon and inure to the benefit of the successors in interest and assigns of the parties.
- g. The parties to this Agreement will execute and deliver, or cause to be executed and delivered, such additional or further documents, agreements, or instruments and shall cooperate with one another in all respects for the purpose of carrying out the transactions contemplated by this Agreement.
- h. This Agreement may be executed in any number of counterparts, each of which shall be considered an original, but all of which together shall constitute one and the same instrument and shall become effective when each of the parties has executed at least one of the counterparts even if all the parties have not executed the same counterpart.

IN WITNESS WHEREOF, the parties have executed this Agreement effective for all purposes as of October 1, 2016.

Approved as to Form and Legality

  
County Attorney

Date: 6-7-16

MARION COUNTY BOARD OF COUNTY COMMISSIONERS

  
Kathy Bryant, Chairman

Date: June 7, 2016

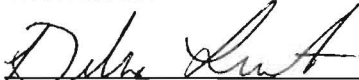
Attest:



Clerk of Court, David R. Ellspermann

Date: June 7, 2016

WITNESSES:



Debra Lewter

Date: June 7, 2016



Cindy Bonvissuto

Date: June 7, 2016

JOHNS EASTERN COMPANY, INC.



Donald E. Lederer, CPCU, AIC, AIM, ARM  
President/CEO



Date: 6/6/2016