

**THIRD PARTY ADMINISTRATIVE SERVICES AGREEMENT BETWEEN
CITIES AND VILLAGES MUTUAL INSURANCE COMPANY
AND
THE CITY OF MANITOWOC**

This document constitutes a Third Party Administrative Services Agreement between Cities and Villages Mutual Insurance Company, a Wisconsin municipal mutual insurance company ("CVMIC"), and the City of Manitowoc ("City"), a Wisconsin municipality.

I. TERM OF AGREEMENT

This Agreement shall commence on January 1, 2016 and be in effect until cancelled by one or both parties to the agreement as outlined in Section VII, Termination of the Agreement.

II. FINANCIAL TERMS

CVMIC will charge \$625 per indemnity claim and \$92 per medical only claim regardless of the length it takes for the claim to be concluded. Incident reports will be charged at \$23.00 per file. CVMIC guarantees the rate through December 31, 2018. Moreover, we guarantee that the rate will not increase by more than 7.5% per year through 2018. A minimum charge of \$11,000 and a maximum charge of \$18,500 will protect the City from costs higher than expected in any given year.

This agreement is on a "per claimant" basis. Any accident or occurrence resulting in ten or more injured employees shall be capped at that level. Indemnity claims are defined as all other-than medical-only claims. This Agreement excludes allocated expenses which are outlined in Section V, Conditions of the Agreement.

III. SERVICES TO BE PROVIDED BY CVMIC

The Third Party Administrative Services as quoted by CVMIC in October, 2016, outlines a wide variety of claim service tasks. This agreement incorporates that proposal as part of the agreement.

The following services will be rendered by CVMIC:

- A. Following completion of Workers' Compensation First Report of Injury Form by member, CVMIC will forward first report of injury to the State on all reportable injuries.
- B. A letter to Injured Employee-one customized one-page letter.
- C. Litigation Management.

- D. Subrogation/Recovery reservation of rights letter.
- E. Monthly Loss Run and Loss Fund Activity reports.
- F. Flat rate pricing for Life of File claims handling will remain in effect for the life of the file with no termination penalty.
- G. Index Bureau filing fee is included in the claim charge quoted.
- H. PPO discounts (where available).
- I. Medical payments based on recognized Wisconsin database.
- J. CVMIC will coordinate the appropriate agreed upon Medical Cost Containment Services, Vocational Rehabilitation Services, and other services as necessary. These services are paid as allocated expenses and are not included in the fees paid.
- K. CVMIC will report claims to your excess workers' compensation carrier as required by the insured.

IV. THE CITY AGREES AS FOLLOWS:

- A. CVMIC will bill the City for services rendered on a quarterly basis and payment for services will be made to CVMIC on a quarterly basis at 1/4th of the projected flat rate revenue. First payment will be made on or before the first day of service and quarterly thereafter. Service for run off will be billed at the end of the first quarter of the year. Final payment will be based on reconciliation to actual claim frequency that will be prepared 3 months following the end of the contract year.
- B. Promptly refer all claims that are covered by this Agreement to CVMIC.
- C. Establish a claims paying fund.
- D. The City will maintain a loss fund for the payment of claims and allocated expenses. The City agrees that CVMIC will not be liable for any fines, assessments, fees, judgments or penalties.
- E. The City will endeavor to respond within ten (10) workdays to settlement or other action recommended by CVMIC.

V. CONDITIONS

A. This Agreement excludes allocated expenses which are defined as follows:

Allocated Expenses: Shall be the responsibility of the City and shall include, but not be limited to:

- | | |
|--|--|
| * attorney & legal fees | * medical examinations including second opinions |
| * professional photographs | * unusual travel made at City's request |
| * medical records | * surveillance |
| * experts' rehabilitation costs | * court reporters |
| * accident reconstruction | |
| * architects, contractors, engineers | |
| | * fees for service of process |
| * police, fire, coroner, weather, or other reports that are needed | * pre- and post- judgment interest aid |
| * property damage appraisals | * chemists and other experts |
| * extraordinary costs for witness statements | * any other similar cost, fee or expense reasonable chargeable to the investigation, negotiation, settlement or defense of a claim or loss which must have the explicit prior approval of the City |
| * Official documents and transcripts | |

B. CVMIC's proposal is based on the assumption that the City will be making payment based on CVMIC's recommendation and CVMIC will not be making payments on the City's behalf. If the City desires CVMIC to make payment, additional cost of bank services will be at the City's expense.

C. This proposal does not include any charge for the preparation of annual workers' compensation reports. The unit statistical reports for the calculation of the mod can be prepared by CVMIC on a Time & Expense basis at a prevailing hourly rate of \$75 per hour. Any additional reports above and beyond what is generated by the Riskmaster claims system can also be prepared on a Time and Expense basis at the hourly rate of \$75 per hour.

VI. COMMUNICATIONS, GRIEVANCES AND DISAGREEMENTS

All disagreements, complaints and alleged improprieties between CVMIC and Manitowoc will first be addressed by discussions between the Executive Director of CVMIC and/or his or her designated representation(s) and Manitowoc's designated representative(s).

VII. TERMINATION OF AGREEMENT

This Agreement may be terminated by CVMIC or the City for any reason by giving the other party written notice. The termination shall be effective thirty (30) days after receipt of written notice of termination or at such earlier time as may be mutually agreeable to CVMIC and the City. The charge set forth in Section II shall be paid based on the claims adjusted.

VIII. SUBCONTRACTORS AND VENDORING

CVMIC shall not subcontract any aspect of its responsibilities to any subcontractor without the approval of the City.

IX. COST OVERRUNS

CVMIC shall not bill the city for any operations/management expenditures and shall only bill the City for those fees stated in Section II and IV of this Agreement.

X. APPLICABLE LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of Wisconsin.

XI. AGREEMENT

For good and valuable consideration, CVMIC and the City agree to the terms and conditions set forth herein.

IN WITNESS WHEREOF, CVMIC has caused this Agreement to be executed in its name by its duly authorized Executive Director and the City has caused this Agreement to be executed in its name by a duly authorized officer, all effective as of January 1, 2016.

CITY OF MANITOWOC

By: Rochelle Blindauer
Rochelle Blindauer, HK Director

CITIES AND VILLAGES MUTUAL INSURANCE COMPANY

By: Michael L. DeMoss
Michael L. DeMoss, Executive Director