

STATE OF LOUISIANA  
PROFESSIONAL SERVICES AGREEMENT  
("Contract")  
BETWEEN  
STATE OF LOUISIANA  
AND  
SEDGWICK CLAIMS MANAGEMENT SERVICES, INC.

The Division of Administration, State of Louisiana, hereinafter sometimes referred to as the "STATE" and Sedgwick Claims Management Services, Inc., 1100 Ridgeway Loop Road, Memphis, TN 38120, hereinafter sometimes referred to as the "CONTRACTOR", do hereby enter into a contract under the following terms and conditions.

1.0 SCOPE OF SERVICES

The specific goal and objective of this contract is for the CONTRACTOR to provide a quality program to: investigate, control and direct claims; ensure consistently successful customer relations; effect reductions in litigation; and provide containment of claims cost and control allocated expenses.

CONTRACTOR will provide all services associated with investigating, adjusting and paying claims for lines of insurance provided by ORM. This includes all requisite associated functions, such as: Workers' Compensation cost containment services; mandatory reporting to CMS, FEMA, excess insurers and other entities; and recovery from third parties, including the Second Injury Fund.

CONTRACTOR will also provide loss prevention services to include: loss prevention audits of each state agency, analysis of data to identify trends, one-on-one consulting for high risk agencies, and periodic appraisals of all state buildings.

This includes providing a Risk Management Information System (RMIS) capable of supporting these processes and providing timely accurate information for reporting. The RMIS will also support loss prevention, underwriting, premium development and invoicing functions.

CONTRACTOR will perform services according to the terms of this Contract and the detailed specifications in Appendix A.

1.1 DELIVERABLES

Key deliverables include:

- Claims management procedures;
- RMIS system, configured to meet the STATE's requirements;
- Custom report development services;

RECEIVED  
OFFICE OF  
RISK MANAGEMENT  
2015 JAN 29 AM 10:47

- Timely, accurate building appraisals;
- Timely loss prevention audits;
- Annual SOC1, Type 2 report from SSAE 16 review, produced at the expense of the CONTRACTOR;
- Claims adjusting services.

## 1.2 PERFORMANCE PENALTIES

In the event that the contractor fails, due to no fault of the Office of Risk Management, to perform critical functions in a timely, effective manner, the following penalties will apply.

Failure to submit an acceptable SOC1, Type 2 Report from SSAE 16 review by December 1 of each year.	\$50,000. An additional \$50,000 penalty will be assessed if the problem is not resolved and independently verified within 6 months.
Failure to complete required building appraisals and loss prevention audits each year.	\$5000 per month until the work is completed.
Failure to achieve "Acceptable" or better scores on all factors reviewed as part of independent claim audits conducted every six months beginning July 2016.	\$1,000 for each factor scored less than "Acceptable."

Contractor will be notified in writing of penalties assessed. The state shall reduce the amount of monthly payment to the Contractor by the amount of penalties.

## 2.0 CONTRACT MONITORING

The ORM Director will monitor the services provided by the CONTRACTOR and the expenditure of funds under this contract. The ORM State Contract Administrator will be primarily responsible for the day-to-day contact with the CONTRACTOR and day-to-day monitoring of the CONTRACTOR'S performance.

Performance will be monitored by reviewing files, and evaluating performance against benchmarks such as closing ratios and average cost per claim.

## 3.0 ADMINISTRATIVE REQUIREMENTS

### 3.1 TERM OF CONTRACT

This contract term is three (3) years, from February 1, 2016 to January 31, 2019. The STATE shall have the option to renew for up to two (2) additional years, ending no later than January 31, 2021, subject to approval by the Joint Legislative Committee on the Budget (JLCB).

### 3.2 WARRANTIES

The CONTRACTOR makes the following warranties and representations:

1. The CONTRACTOR assumes responsibility for its personnel providing services hereunder and will make all deductions for social security and withholding taxes, contributions for employment compensation funds, and shall maintain at the CONTRACTOR's expense all necessary insurance for its employees including, but not limited to workers' compensation and liability insurance.

2. The CONTRACTOR warrants that all agents, whether an officer or employee, will act in an independent capacity concerning the terms of the contract and will not act as or be considered employees of the STATE nor be entitled to any benefits or privileges accorded to public employees, insofar as such benefits and privileges are related to the contract.

### 3.3 LICENSES AND PERMITS

CONTRACTOR shall secure and maintain all licenses and permits, and pay inspection fees required to do the work required to complete this contract.

### 3.4 SECURITY

CONTRACTOR'S personnel will always comply with all security regulations in effect at the STATE's premises, and externally for materials belonging to the STATE. CONTRACTOR is responsible for promptly reporting any breach of security to the STATE.

### 3.5 TAXES

CONTRACTOR is responsible for payment of all applicable taxes from the funds to be received under this contract. CONTRACTOR'S federal tax identification number is 36-285608.

### 4.0 TECHNICAL REQUIREMENTS

#### 4.1 CONTRACTOR RESOURCES

CONTRACTOR agrees to provide a Contract Account Director who will have the primary responsibility for interacting with the STATE'S Contract Administrator on all contract and policy and procedure issues.

In addition to the Contract Account Director, the CONTRACTOR agrees to furnish key personnel for purposes of this Contract that possess the knowledge, skills, and abilities to successfully perform assigned tasks.

#### 4.2 STATE FURNISHED RESOURCES

STATE shall appoint a Contract Administrator for this contract who will provide oversight of the

activities conducted hereunder. The assigned Contract Administrator shall be the principal point of contact on behalf of the STATE and will be the principal point of contact for CONTRACTOR concerning CONTRACTOR'S performance under this contract.

#### 4.3 STATE STANDARDS AND GUIDELINES

##### A. OPERATING SYSTEM SOFTWARE ENVIRONMENT

The Division of Administration has standardized its PC environment with Microsoft Windows 2007 and Microsoft Office 2013. All hardware and software will be reviewed before it is used on the local area network.

##### B. TECHNICAL DOCUMENTATION

The STATE will require the provision of necessary documentation as well as adherence to implementation procedures for all RMIS system changes.

#### 4.4 ELECTRONICALLY FORMATTED INFORMATION

Where applicable, STATE shall be provided all documents in electronic format, as well as hard copy. Electronic media prepared by the CONTRACTOR for use by the STATE will be compatible with the Division of Administration/Office of Risk Management's desktop environment as defined in Section 4.3.A. Conversion of files, if necessary, will be CONTRACTOR'S responsibility. Conversely, as required, CONTRACTOR should accept and be able to process electronic documents and files created by the STATE'S current desktop applications as described in Section 4.3.A.

#### 5.0 ACCEPTANCE OF DELIVERABLES

Contract deliverables will be submitted, reviewed, and accepted if they have been performed in accordance with the applicable specifications for CONTRACTOR'S work in Section 1.0 - Scope of Services and Appendix A – Detailed Specifications, the Request for Proposals, the CONTRACTOR'S Proposal, and/or as subsequently modified as agreed to between the parties in STATE-approved documents developed within this project.

#### 6.0 COMPENSATION AND MAXIMUM AMOUNT OF CONTRACT

In consideration of the services required by this contract, STATE hereby agrees to pay to CONTRACTOR a maximum of \$46,872,744 for the three year term. In the event that the option to renew for an additional 2 (two) years is executed, a maximum of \$32,373,083 will be paid for the additional 2 (two) years.

The STATE will pay the Contractor for Service Fees, Emergency Adjusting Fees, and Recovery Fees upon receipt of invoices. CONTRACTOR will submit monthly invoices to the STATE. The format of the invoice is subject to STATE approval.

The Service Fees will be billed in monthly increments, each equal to one twelfth (1/12) of the annual amount specified in Appendix B - Cost Information, Part 1 – Service Fees.

The Emergency Adjusting and Recovery Fees will be billed as they arise, according to the rates established in Appendix B – Cost Information, Part 2 – Emergency Adjusting Fees and Part 3 – Recovery Fees. During the 3 (three) year contract term, Emergency Adjusting fees and Recovery Fees shall not exceed \$5,293,005. In the event that the option to renew for an additional 2 (two) years is executed, a maximum of \$8,821,675 will be paid for the 5 (five) year period.

Payments will be made only on approval of ORM State Risk Director or designee.

In the event a change occurs in state government structure or STATE's program that results in a significant change in the services required under this Contract, STATE and CONTRACTOR will negotiate a cost adjustment and amend the contract accordingly.

#### 6.1 Claims Expenses

The fees specified above shall be full compensation for the following services:

- Basic adjusting services, investigation and payment of claims,
- Bill review and fee schedule reductions,
- Utilization review,
- Pharmacy benefit management,
- Drug utilization reviews (DURs),
- Fees for MSA and CMS approvals,
- Appearances by adjusters at trials and mediations,
- ISO/Index bureau fees,
- Property damage appraisals,
- Recovery services,
- Services of additional field adjusters required to manage the volume of property claims after a declared disaster or other approved event

The following shall be paid as expenses through the risk management system and funded by the state:

- Legal expenses for contract attorneys
- Miscellaneous legal fees, such as depositions and non-expert witness fees
- Court reporter fees
- Court costs
- Expert witness fees

- Attorney and witness travel
- Outside investigation of claims (subject to prior ORM approval)
- Vehicle damage appraisals
- IME and Rehab conference fees
- Professional photography fees
- Salvage, towing and storage
- Fees for official reports (police reports)
- Medical records reports for 3rd party claims
- Mediation/Arbitration fees
- Panel fees for medical malpractice claims
- Translation services
- Transcription services
- Credit Bureau reports
- Asset checks
- Vocational rehabilitation
- Medical case management
- Private investigation

A standard rate of \$75 an hour shall be paid for vocational rehabilitation, medical case management and private investigation. Exceptions to standard rates for out-of-state cases and other unusual circumstances may be approved by ORM.

Travel expenses for attorneys and witnesses shall be paid in accordance with Division of Administration PPM49 (State General Travel regulations) and guidelines provided by ORM. Except as stated above, travel by CONTRACTOR and subcontractor employees shall not be reimbursed.

The STATE will pay for legal services provided by the Attorney General and for State Police Accident Reconstructions on State highways.

Payment of expenses not included in this list are subject to prior approval by ORM.

## 7.0 TERMINATION

### 7.1 TERMINATION FOR CAUSE

STATE may terminate this Contract for cause based upon the failure of CONTRACTOR to comply with the terms and/or conditions of the Contract; provided that the STATE shall give the CONTRACTOR written notice specifying the CONTRACTOR'S failure. If within thirty (30) days after receipt of such notice, the CONTRACTOR shall not have either corrected such failure or, in the case of failure which cannot be corrected in thirty (30) days, begun in good faith to correct said failure and thereafter proceeded diligently to complete such correction, then the STATE may, at its option, place the CONTRACTOR in default and the Contract shall terminate on the date specified in such notice. Failure to perform within the time agreed upon in the contract may constitute default and may cause cancellation of the contract.

CONTRACTOR may exercise any rights available to it under Louisiana law to terminate for cause upon the failure of the STATE to comply with the terms and conditions of this contract provided that the CONTRACTOR shall give the STATE written notice specifying the STATE agency's failure and a reasonable opportunity for the STATE to cure the defect.

## 7.2 TERMINATION FOR CONVENIENCE

STATE may terminate the contract at any time without penalty by giving thirty (30) days written notice to the CONTRACTOR of such termination or negotiating with the CONTRACTOR an effective date thereof. In the event of termination for convenience, the CONTRACTOR shall be entitled to payment for deliverables in progress as of the date of the notice, to the extent work has been performed satisfactorily.

## 7.3 FISCAL FUNDING

The continuation of this contract is contingent upon the appropriation of funds by the legislature to fulfill the requirements of the contract by the legislature. If the legislature fails to appropriate sufficient monies to provide for the continuation of the contract, or if such appropriation is reduced by the veto of the Governor or by any means provided in the appropriations act of Title 39 of the Louisiana Revised Statutes of 1950 to prevent the total appropriation for the year from exceeding revenues for that year, or for any other lawful purpose, and the effect of such reduction is to provide insufficient monies for the continuation of the contract, the contract shall terminate on the date of the beginning of the first fiscal year for which funds have not been appropriated.

7.4 Upon expiration or termination of this contract, and upon the STATE's request, CONTRACTOR agrees to deliver, at no additional cost to the STATE, all hard copy and digital files and data maintained in support of the STATE's claims. Contractor further agrees to provide the STATE continued access to the systems they provide under this contract for 150 days following the termination of this contract.

## 8.0 INDEMNIFICATION AND LIMITATION OF LIABILITY

Neither party shall be liable for any delay or failure in performance beyond its control resulting from acts of God or force majeure. The parties shall use reasonable efforts to eliminate or minimize the effect of such events upon performance of their respective duties under Contract.

CONTRACTOR shall be fully liable for the actions of its agents, employees, partners or subcontractors and shall fully indemnify and hold harmless the STATE and its Authorized Users from suits, actions, damages and costs of every name and description relating to personal injury and damage to real or personal tangible property caused by CONTRACTOR, its agents, employees, partners or subcontractors, without limitation; provided, however, that the CONTRACTOR shall not indemnify for that portion of any claim, loss or damage arising hereunder due to the negligent act or failure to act of the STATE.

If applicable, CONTRACTOR will indemnify, defend and hold the STATE and its Authorized Users harmless, without limitation, from and against any and all damages, expenses (including reasonable attorneys' fees), claims, judgments, liabilities and costs which may be finally assessed against the STATE in any action for infringement of a United States Letter Patent with respect to the Products furnished, or of any copyright, trademark, trade secret or intellectual property right, provided that the STATE shall give the CONTRACTOR: (i) prompt written notice of any action, claim or threat of infringement suit, or other suit, (ii) the opportunity to take over, settle or defend such action, claim or suit at CONTRACTOR'S sole expense, and (iii) assistance in the defense of any such action at the expense of CONTRACTOR. Where a dispute or claim arises relative to a real or anticipated infringement, the STATE or its Authorized Users may require CONTRACTOR, at its sole expense, to submit such information and documentation, including formal patent attorney opinions, as the Commissioner of Administration shall require.

The CONTRACTOR shall not be obligated to indemnify that portion of a claim or dispute based upon: i) Authorized User's unauthorized modification or alteration of a Product; ii) Authorized User's use of the Product in combination with other products not furnished by CONTRACTOR; iii) Authorized User's use in other than the specified operating conditions and environment.

In addition to the foregoing, if the use of any item(s) or part(s) thereof shall be enjoined for any reason or if CONTRACTOR believes that it may be enjoined, CONTRACTOR shall have the right, at its own expense and sole discretion as the Authorized User's exclusive remedy to take action in the following order of precedence: (i) to procure for the STATE the right to continue using such item(s) or part (s) thereof, as applicable; (ii) to modify the component so that it becomes non-infringing equipment of at least equal quality and performance; or (iii) to replace said item(s) or part(s) thereof, as applicable, with non-infringing components of at least equal quality and performance, or (iv) if none of the foregoing is commercially reasonable, then provide monetary compensation to the STATE up to the dollar amount of the Contract.

For all other claims against the CONTRACTOR where liability is not otherwise set forth in the Contract as being "without limitation", and regardless of the basis on which the claim is made, CONTRACTOR'S liability for direct damages, shall be the greater of \$100,000, the dollar amount of the Contract, or two (2) times the charges rendered by the CONTRACTOR under the CONTRACT. UNLESS OTHERWISE SPECIFICALLY ENUMERATED HEREIN OR IN THE WORK ORDER MUTUALLY AGREED between the parties, neither party shall be liable to the other for special, indirect or consequential damages, even if the party has been advised of the possibility of such damages. Neither party shall be liable for lost profits, lost revenue or lost institutional operating savings.

The STATE and Authorized User may, in addition to other remedies available to them at law or equity and upon notice to the CONTRACTOR, retain such monies from amounts due CONTRACTOR, or may proceed against the performance and payment bond, if any, as may be necessary to satisfy any claim for damages, penalties, costs and the like asserted by or against them.

## 9.0 CONTRACT CONTROVERSIES

Any claim or controversy arising out of the contract shall be resolved by the provisions of La. R.S. 39:1672.2-1672.4.

#### 10.0 FUND USE

CONTRACTOR agrees not to use contract proceeds to urge any elector to vote for or against any candidate or proposition on an election ballot nor shall such funds be used to lobby for or against any proposition or matter having the effect of law being considered by the Louisiana Legislature or any local governing authority. This provision shall not prevent the normal dissemination of factual information relative to a proposition on any election ballot or a proposition or matter having the effect of law being considered by the Louisiana Legislature or any local governing authority.

#### 11.0 ASSIGNMENT

CONTRACTOR shall not assign any interest in this contract by assignment, transfer, or novation, without prior written consent of the STATE. This provision shall not be construed to prohibit the CONTRACTOR from assigning to a bank, trust company, or other financial institution any money due or to become due from approved contracts without such prior written consent. Notice of any such assignment or transfer shall be furnished promptly to the STATE.

#### 12.0 RIGHT TO AUDIT

The State Legislative Auditor, agency auditors, and internal auditors of the Division of Administration shall have the option to audit all accounts directly pertaining to the contract for a period of three (3) years from the date of the last payment made under this contract. Records shall be made available during normal working hours for this purpose.

#### 13.0 CONTRACT MODIFICATION

No amendment or variation of the terms of this contract shall be valid unless made in writing, signed by the parties and approved as required by law. No oral understanding or agreement not incorporated in the contract is binding on any of the parties.

Changes to the contract include any change in a) compensation; b) beginning/ending date of the contract; c) scope of work; and/or d) contractor change through the assignment of contract process. Any such changes, once approved, will result in the issuance of an amendment to the contract.

#### 14.0 CONFIDENTIALITY OF DATA

All financial, statistical, personal, technical and other data and information relating to the STATE'S operation which are designated confidential by the STATE and made available to the CONTRACTOR in order to carry out this contract, or which become available to the CONTRACTOR in carrying out this contract, shall be protected by the CONTRACTOR from unauthorized use and disclosure through the observance of the same or more effective

procedural requirements as are applicable to the STATE. The identification of all such confidential data and information as well as the STATE'S procedural requirements for protection of such data and information from unauthorized use and disclosure shall be provided by the STATE in writing to the CONTRACTOR. If the methods and procedures employed by the CONTRACTOR for the protection of the CONTRACTOR'S data and information are deemed by the STATE to be adequate for the protection of the STATE'S confidential information, such methods and procedures may be used, with the written consent of the STATE, to carry out the intent of this paragraph. The CONTRACTOR shall not be required under the provisions of the paragraph to keep confidential any data or information which is or becomes publicly available, is already rightfully in the CONTRACTOR'S possession, is independently developed by the CONTRACTOR outside the scope of the contract, or is rightfully obtained from third parties.

## 15.0 SUBCONTRACTORS

The CONTRACTOR may, with prior written permission from the STATE, enter into subcontracts with third parties for the performance of any part of the CONTRACTOR'S duties and obligations. In no event shall the existence of a subcontract operate to release or reduce the liability of the CONTRACTOR to the STATE and/or STATE Agency for any breach in the performance of the CONTRACTOR'S duties.

### 5.1 Veterans/Hudson Small Entrepreneurship Program Participation

CONTRACTOR shall report annually on the participation of Veteran-Owned and Service-Connected Disabled Veteran Owned and Hudson Initiative small entrepreneurship subcontractor or distributor participation and the dollar amount of each.

## 16.0 DISCRIMINATION

CONTRACTOR agrees to abide by the requirements of the following as applicable: Title VI of the Civil Rights Act of 1964 and Title VII of the Civil Rights Act of 1964, as amended by the Equal Employment Opportunity Act of 1972, Federal Executive Order 11246 as amended, the Rehabilitation Act of 1973, as amended, the Vietnam Era Veteran's Readjustment Assistance Act of 1974, Title IX of the Education Amendments of 1972, the Age Discrimination Act of 1975, the Fair Housing Act of 1968 as amended, and contractor agrees to abide by the requirements of the Americans with Disabilities Act of 1990.

CONTRACTOR agrees not to discriminate in its employment practices, and will render services under this contract without regard to race, color, religion, sex, national origin, veteran status, political affiliation, or disabilities.

Any act of discrimination committed by CONTRACTOR, or failure to comply with these statutory obligations when applicable shall be grounds for termination of this contract.

## 17.0 INSURANCE

Insurance shall be placed with insurers with an A.M. Best's rating of no less than A- on the Financial Size Category, (FSC) Class VI.

This rating requirement shall be waived for Workers' Compensation coverage only.

**CONTRACTOR'S Insurance:** The CONTRACTOR shall not commence work under this contract until he has obtained all insurance required herein. Certificates of Insurance, either on an ACORD form or fully executed by officers of the Insurance Company written or countersigned by an authorized Louisiana State agency, shall be filed with the State of Louisiana for approval. The CONTRACTOR shall not allow any subcontractor to commence work on his subcontract until all similar insurance required for the subcontractor has been obtained and approved. If so requested, the CONTRACTOR shall also submit copies of certificates of insurance for inspection and approval of the State of Louisiana before work is commenced. Should any of the above policies be cancelled before the expiration date thereof, notice will be delivered to the STATE at least thirty (30) days in advance.

**Workers' Compensation Insurance:** Before any work is commenced, the CONTRACTOR shall maintain during the life of the contract, Workers' Compensation Insurance for all of the CONTRACTOR's employees employed at the site of the project. In case any work is sublet, the CONTRACTOR shall require the subcontractor similarly to provide Workers' Compensation Insurance for all the latter's employees, unless such employees are covered by the protection afforded by the CONTRACTOR. In case any class of employees engaged in work under the contract at the site of the project is not protected under the Workers' Compensation Statute, the CONTRACTOR shall provide for any such employees, and shall further provide or cause any and all subcontractors to provide Employer's Liability Insurance for the protection of such employees not protected by the Workers' Compensation Statute.

**Commercial General Liability Insurance:** The CONTRACTOR shall maintain during the life of the contract such Commercial General Liability Insurance which shall protect him and the State during the performance of work covered by the contract from claims or damages for personal injury, including accidental death, as well as for claims for property damages, which may arise from operations under the contract, whether such operations be by himself or by a subcontractor, or by anyone directly or indirectly employed by either of them, or in such a manner as to impose liability to the State. Such insurance shall include the State as additional insured for claims arising from or as the result of the operations of the CONTRACTOR or his subcontractors. In the absence of specific regulations, the amount of coverage shall be as follows: Commercial General Liability Insurance, including bodily injury, property damage and contractual liability, with combined single limits of \$5,000,000, the limits of which can be made up through a combination of primary and excess/umbrella policy limits.

**Insurance Covering Special Hazards:** Special hazards as determined by the State shall be covered by rider or riders in the Commercial General Liability Insurance Policy or policies herein elsewhere required to be furnished by the CONTRACTOR, or by separate policies of insurance in the amounts as defined in any Special Conditions of the contract included therewith subject to the ability of CONTRACTOR's insurers to add such rider or riders.

Licensed and Non-Licensed Motor Vehicles: The CONTRACTOR shall maintain during the life of the contract, Automobile Liability Insurance in an amount not less than combined single limits of \$1,000,000 per occurrence for bodily injury/property damage the limits of which can be made up through a combination of primary and excess/umbrella policy limits. Such insurance shall cover the use of any non-licensed motor vehicles engaged in operations within the terms of the contract on the site of the work to be performed there under, unless such coverage is included in insurance elsewhere specified.

The CONTRACTOR shall maintain Professional Liability Insurance with a minimum limit of \$5,000,000. Claims-made coverage is acceptable.

Subcontractor's Insurance: The CONTRACTOR shall require that any and all subcontractors, which are not protected under the CONTRACTOR's own insurance policies, take and maintain insurance of the same nature and in the same amounts as required of the CONTRACTOR.

#### 18.0 APPLICABLE LAW

This contract shall be governed by and interpreted in accordance with the laws of the State of Louisiana. Venue of any action brought with regard to this contract shall be in the Nineteenth Judicial District Court, parish of East Baton Rouge, State of Louisiana.

#### 19.0 CODE OF ETHICS

The CONTRACTOR acknowledges that Chapter 15 of Title 42 of the Louisiana Revised Statutes (R.S. 42:1101 et. seq., Code of Governmental Ethics) applies to the Contracting Party in the performance of services called for in this contract. The CONTRACTOR agrees to promptly notify the STATE if potential violations of the Code of Governmental Ethics arise at any time during the term of this contract.

#### 20.0 NOTICE TO EITHER PARTY

Notice to either party may be given by certified mail properly addressed, postage fully prepaid to the address beneath the name of each respective party below. Such notice shall be effective when received as indicated by post office records. Alternatively, notice may be given by personal delivery, by any means whatsoever, to the party at the address designated during normal business hours.

For the above purposes, STATE and CONTRACTOR'S names and addresses are respectively:

J. S. "Bud" Thompson, Jr.  
State Risk Director  
Office of Risk Management  
Ground Floor – Claiborne Building  
1201 North Third Street, Suite G-192  
Baton Rouge, Louisiana 70802

Sedgwick Claims Management Services  
1100 Ridgeway Loop Road  
Memphis, TN 38120  
Attention: Legal Department

#### 21.0 RECORD RETENTION

All records, reports, documents, or other material related to this contract and/or obtained or prepared by Contractor in connection with the performance of the services contracted for herein shall become the property of State, and shall, upon request, be returned by Contractor to State, at Contractor's expense, at termination or expiration of this contract.

CONTRACTOR agrees to retain and make available to the STATE all books, records, and other documents relevant to this contract and the funds expended hereunder for at least three years after final payment, or as required by applicable Federal law.

#### 22.0 SEVERABILITY

If any term or condition of this Contract or the application thereof is held invalid, such invalidity shall not affect other terms, conditions, or applications which can be given effect without the invalid term, condition, or application; to this end the terms and conditions of this Contract are declared severable.

#### 23.0 COMPLETE CONTRACT

This is the complete Contract between the parties with respect to the subject matter and all prior discussions and negotiations are merged into this contract. This Contract is entered into with neither party relying on any statement or representation made by the other party not embodied in this Contract and there are no other agreements or understanding changing or modifying the terms. This Contract shall become effective upon final statutory approval.

#### 24.0 HEADINGS

Descriptive headings in this contract are for convenience only and shall not affect the construction or meaning of contractual language.

#### 25.0 ENTIRE AGREEMENT AND ORDER OF PRECEDENCE

This contract together with the RFP and CONTRACTOR'S proposal which are incorporated herein; shall, to the extent possible, be construed to give effect to all of its provisions; however, where provisions are in conflict, first priority shall be given to the provisions of the contract, excluding the Request for Proposals, its amendments and the Proposal; second priority shall be given to the provisions of the Request for Proposals and its amendments; and third priority shall be given to the provisions of the CONTRACTOR'S Proposal.

THUS DONE AND SIGNED on the date(s) noted below:

**CONTRACTOR**

BY:   
Name: Stephen R. Hurley  
Title: Senior Vice President  
Sedgwick Claims Management Services, Inc.  
Date: 28 January 2016

**STATE OF LOUISIANA  
DIVISION OF ADMINISTRATION**

BY:   
Name: J. S. "Bud" Thompson, Jr.  
Title: State Risk Director  
Date: 1/28/16

BY:   
Name: Jay Dardenne  
Title: Commissioner of Administration  
Date: January 28, 2016

	<b>General Specifications</b>
A-1.1	The Contractor shall provide a dedicated staff to administer the requested services.
A-1.2	Contractor shall have an office located within the downtown or mid-city business district of Baton Rouge, Louisiana. Contractor may request, and ORM may approve, other locations. Personnel required to be available at this office shall include management and key supervisory staff. The cost of the office space shall be borne by the Contractor.
A-1.3	Contractor's office shall be open for business, at a minimum, on the days and during the core hours that the State's offices are open. Contractor may request, and ORM may approve, exceptions to this practice.
A-1.4	The contractor shall provide a toll free telephone number for claim reporting. Contractor shall provide continual telephone coverage, (24-hours-a-day, to include weekends and holidays), for the purpose of receiving incident reports and messages. This may be accomplished by voice mail, an answering service, or other alternative. Contractor should have 24 hour response capabilities.
A-1.5	The contractor shall provide a secure electronic method or methods for agencies and claimants to report incidents and claims. Claims may also be received by mail, fax, e-mail, and telephone. Contractor shall have procedures to handle all types of submittals.
A-1.6	Contractor shall provide interoffice mail service between the Contractor's facility and ORM.
A-1.7	The contractor will be responsible for maintaining records in accordance with ORM's record retention schedule and State Archives policy. Periodically, ORM may request the destruction and/or deletion of records in accordance with the retention schedule.
A-1.8	Third Party Administrator (TPA) must be licensed in the State of Louisiana per R.S. 22:1641 et seq. prior to contract execution
	<b>Transition Period and Transfer of Claims</b>
A-2.1	Contractor shall assume the responsibility for the handling of all open (assumed), re-opened, and new claims under this contract.
A-2.2	The contractor is responsible for conversion of all data necessary to support ongoing operations and preserve existing historical data.
A-2.3	The contractor is expected to provide the materials and staffing to conduct initial communication and training for the start-up of the contract.
A-2.5	ORM and the contractor will establish a standard schedule for reviews of claims by adjusters and supervisors. Changes to this schedule must be approved by ORM.
A-2.6	Upon termination, regardless of the reason for or type of termination, the Contractor agrees to transfer to the party designated by the State, at no cost, all data, records, computer files, other files, and materials of any sort that were maintained for the State. The Contractor shall cooperate with the State and any new contractor during the transition of the contract to a new contractor. Upon request by the State, the Contractor shall provide all State information maintained by the Contractor in a time frame approved by the State Risk Director. Information provided via tape or other electronic transfer shall be in a format approved by the State Risk Director and shall include, but not be limited to file layouts and legends. The Contractor shall provide such explanation of the information provided as to facilitate a smooth transition.

	<b>Staffing</b>
A-3.1	The contractor shall assure that there is adequate staffing to support all claims processing and support services required by the State. It is expected that the contractor will assure that caseloads for recurring and litigated claims will be consistent with industry standards as described in various industry publications.
A-3.2	Each adjuster assigned to the State should meet licensing requirements of the State of Louisiana.
A-3.3	Adjusters or other representatives of the Contractor who fail to conduct themselves in a manner deemed appropriate by the State shall be removed from the State account.
	<b>Training and Education</b>
A-4.1	The Contractor shall develop and provide on-going statewide or agency specific programs and training sessions regarding claims procedures, resolution process, statutory and regulatory requirements, return to work, and other topics identified by ORM.
A-4.2	At the annual ORM Conference, the Contractor's staff shall conduct training modules for the full duration of the event as assigned by the State.
A-4.4	The Contractor shall provide training for agency personnel.
A-4.5	The Contractor shall offer regional educational training on a periodic basis. The Contractor shall provide recommendations of what types of educational programs will best support the State's program.
	<b>Claims Management – All Lines</b>
A-5.1	The contractor shall create a claim file, diaries, and set reserves within 24 hours of receipt of a claim.
A-5.2	The contractor shall review all claims received from agencies, and process each to conclusion in accordance with applicable statutes, rules and regulations, Risk Management operating procedures or other instructions including but not limited to client service instructions.
A-5.3	Contractor will record, investigate, adjust, appraise, and, where appropriate, make all necessary claim and expense payments. All claims shall be handled promptly and in a professional manner, with emphasis on customer service.
A-5.4	Contractor will proactively review incidents reported and determine if investigation and action is needed prior to submission of a claim or initiation of litigation.
A-5.5	ORM will monitor all expenses paid and if it is determined that certain expenses are excessive, will restrict or require prior approval for those categories.
A-5.6	Contractor shall conduct continuous audits of claim files. Open claims shall be reviewed by a supervisor at regular intervals as indicated by type and severity of claims. Documentation of the review shall include comments in the electronic activity notes on reserve adequacy, verification of financial activity, and recommendations for future handling of the claim. At time of closure, all claims shall be reviewed by a supervisor. Documentation of the review shall include comments in the electronic activity notes to confirm the validity of closure and claim coding, and to reconcile financial activity to insure appropriateness of payments. Audit results are to be provided when requested.
A-5.7	Contractor, including sub-contractors, will report all applicable bodily injury claims to a

	single claims clearinghouse, such as ISO (Insurance Service Office).
A-5.8	Contractor will establish a proactive system of fraud detection and deterrence for all claims, through the use of a fraud checklist or other measures.
A-5.9	Contractor will provide reports and information as needed to ORM's excess carriers.
A-5.10	Contractor will investigate and make prompt liability/coverage determinations.
A-5.11	Immediate notification by telephone shall be made to the ORM Claims Administrator in all cases involving catastrophic injuries or damages.
A-5.12	Contractor will participate as required in ORM Claims Settlement Committee and Claims Review meetings.
A-5.13	Bodily injury claims, with the exception of medical malpractice, that include future medical payments shall be settled according to R.S. 13.5106(B)(3)(c) and R.S. 39:1533.2. Judgments against the State of Louisiana, it's agencies and employees that include future medical payment awards are to be paid as incurred per the above referenced statute.
A-5.14	The contractor shall provide the services of a Medical consultant to evaluate complex cases and to assist in the medical management of claims.
A-5.15	The state shall provide the contractor with access to Acuity, at the state's expense, for the processing of contract attorney services.
A-5.16	The contractor will insure the State's compliance with Centers for Medicare & Medicaid Services CMS Section 111 Mandatory Insurer Reporting Law.
A-5.17	The contractor shall conduct a thorough investigation of each reported claim, which may include but is not necessarily limited to photographs, diagrams, police reports, statements rom involved parties, statements from others, including all witnesses, to determine the state's liability, etc. Initial statements and/or inspections shall be completed within three (3) business days of receipt of the claim. When deemed necessary, the contractor shall arrange for independent investigators, appraisers, medical or other experts.
A-5.18	Penalty assessments or other legal obligations incurred as a result of delay or bad faith handling by the Contractor shall be the sole responsibility of the Contractor and paid by the Contractor and not from State funds.
A-5.19	Expenses attributed to errors made by the contractor in the payment or handling of claims will be borne by the contractor.
	<b>Claims Management – Workers' Compensation</b>
A-6.1	Claim files shall be reviewed by a supervisor and assigned the day received. At a minimum within 10 calendar days from receiving the claim in the office there shall be case documentation requirements including but not limited to a compensability assessment, action plan, reserve analysis, medical and bill utilization review if applicable, return to work or transitional employment potential, employer information, treating provider information, and any other documentation that will assist in providing a clear and accurate picture of the true claim status.
A-6.1	The Contractor is required to complete a three point contact with the injured worker, the designated departmental representative and the health care provider within 24 hours of notice of claim. The information obtained from these contacts shall be accurately documented in the claim system.
A-6.2	A medical consultant or medical case manager, defined as an employee with a

	<p>relevant clinical background in nursing or medicine (RN, MD), shall be considered for utilization at a minimum in the following situations:</p> <ul style="list-style-type: none"> <li>• When an employee is not responding to treatment.</li> <li>• When, based upon the diagnosis and initial expected recovery period, return to work has not occurred.</li> <li>• When modified duty extends longer than 30 days post-injury with no clear expectation of full duty release by day 40, with follow-up at 30 day intervals until employee is released to return to work full duty.</li> <li>• When there is a lack of compliance with the medical regimen.</li> <li>• When there is a chemical dependency.</li> <li>• When there is a long-term physiotherapy.</li> <li>• When there is prescription medication dispensed long-term (over 1 year).</li> <li>• When physician visits are more than is typical for the type of injury/illness.</li> <li>• When referrals are more than typical for the type of injury/illness.</li> <li>• When prescriptions are more than typical for the type of injury/illness.</li> <li>• When the case extends substantially beyond the expected resolution date.</li> <li>• When the medical situation is a mix of occupational/non-occupational conditions.</li> <li>• When the employee and/or their support system are not capable of coordinating services, setting appointments or comprehending medical needs.</li> <li>• When an original injury causes a secondary health problem to occur.</li> </ul>
A-6.3	The contractor shall monitor the treatment programs recommended for injured employees by physicians, specialists and other health care providers in accordance with the OWC Medical Treatment Guidelines.
A-6.4	The contractor shall request a second medical opinion (SMO) as needed.
A-6.5	The contractor shall perform all duties and abide by all rules required of the State under the Louisiana Workers' Compensation Act, OWC, and any other rules formal or otherwise implemented by the Louisiana Office of Workers' Compensation Administration in the handling of the State's claims. This includes timely filing of required OWC forms and notices.
A-6.6	Written acknowledgement (benefit letter) shall be sent to all injured workers, and shall include a claim number, and adjuster's name and phone number, within five (5) business days after receipt of the claim.
A-6.7	Recorded statements shall be taken on all lost time claims or cases where there is questionable compensability.
A-6.8	A decision on the compensability of each claim shall be made within 14 business days of the receipt of the claim. The contractor shall develop a form or other means to communicate the compensability decision to the appropriate State contacts. Denial decisions shall be immediately communicated in writing to the injured worker, human resource agency representative and ORM. On cases wherein compensability determinations are pending more than 14 business days, contractor shall contact the injured worker, the human resource agency representative and ORM advising them of the reasons as to why a decision cannot be made. Aggressive attempts by the contractor should be continued in order to finalize a decision within 30 business days of the receipt of the claim. Notification to OWC will be made in accordance with the Louisiana Workers' compensation statutes.

A-6.9	Indemnity payments on compensable claims shall be made within fourteen (14) calendar days after notice of injury.
A-6.10	The contractor shall provide a monthly report of injured workers on total disability and working transitional duty to the Claims Manager, Office of Risk Management.
A-6.11	The contractor shall notify ORM at least 30 calendar days prior to any scheduled mediation or hearing before the Louisiana OWC Administration, and the contractor's adjuster shall attend any mediations or hearings.
A-6.12	Pre-certification determinations and utilization reviews shall be done in compliance with the Louisiana Workers' Compensation Act.
A-6.13	All medical bills, prescription reimbursements, and other related expenses shall be re-priced according to the current Louisiana Workers' Compensation Medical Fee Schedule. Bills received on compensable claims shall be paid in accordance with the Louisiana Workers' Compensation Act.
A-6.14	Should a Medical Only claim reach \$2,500 in medical expenses, the claim shall be reviewed for further investigation and management.
A-6.15	All "medical only" claims, will have a compensability analysis, will be reviewed for closing every 60 days; a compensability analysis and closure review will be entered in the claim notes with rationale for closure.
A-6.16	An initial medical report will be obtained within 7 - 14 working days of the first day of lost time and as often as needed thereafter to justify continuing indemnity payments. Contact with the medical provider will be maintained to obtain medical notes to justify continuing indemnity payments.
A-6.17	Any medical bills received will be approved by the adjuster prior to payment with regard to causal relationship to the accident/work-related injury.
A-6.18	Investigations shall be initiated by the Contractor within one (1) work day of receipt of the Employer's Accident Report using the three pronged contact system (i.e., injured worker, doctor, agency location) to determine if compensability is to be acknowledged or questioned. Physician reports shall be requested immediately. All appropriate documentation shall be made a part of the permanent claim file.
A-6.19	The Contractor shall provide an easy to use discount prescription drug program which shall include dispensing medication for a 30-day period pre-claim approval (First Fill).
A-6.20	The contractor shall provide medical care and medical cost containment services in accordance with the Louisiana Workers' Compensation Act.
A-6.21	The Contractor shall assure that all cases are reviewed aggressively for return to work in either a full or modified duty capacity as quickly as possible. A return to work coordinator shall be assigned early in the process to assure that return to work occurs as soon as possible.
A-6.22	Cases will be referred for medical case management as soon as medically feasible, but no later than 30 days after an injury has occurred if an employee has not been returned to work full or modified duty. The benefit coordinator will have the discretion to withhold referrals to the field for an additional 10 days (maximum of 40 days from date of injury) should they believe that a return to work is imminent. All files where return to work has not occurred by 40 days from date of injury shall be referred for aggressive case management.
A-6.23	Contractor's Return to Work program shall follow the guidelines defined below. 1. Medical Case Management shall coordinate with medical providers and injured

	<p>workers to obtain medical release to return to work. All Medical case managers shall be registered nurses.</p> <p>2. Once release to return to work is obtained, if injured worker cannot return to full duty at the job of injury, contractor shall initiate vocational rehabilitation, with transitional duty employment as the next option. All vocational rehabilitation shall be performed by a licensed Vocational Rehabilitation Counselor.</p> <p>3. If transitional duty employment is not available, efforts will be made to return employee to work with other employers.</p>
A-6.24	The State will work with management in all locations to establish return to work policy whenever possible.
A-6.25	The Contractor is responsible for any penalty or other fee assessed to the state. This includes, but is not limited to assessment of waiting time penalties in workers' compensation cases, interest, and attorney fees, and any erroneous payments that are not an obligation of the State. Upon request by the State, the Contractor shall defend State against claims for such penalties and fees. The Contractor shall reimburse the State for any such penalties paid from State funds within ninety (90) days of payment.
A-6.26	<p>Penalties and erroneous payments are to be reported promptly to the State. The following data is required:</p> <p>(a) Name of the Claimant  (b) Claim Number  (c) Check Number  (d) Date Paid  (e) Amount of Penalty/Overpayment  (f) Period Penalty Covers, or period of overpayment</p>
	<b>Claims Management - Maritime</b>
A-7.1	The contractor will identify and provide the administration of claims that should be handled as Jones Act based on whether or not the injured worker was a crew member of a vessel that operates in navigable waters utilizing industry standard claims handling techniques.
A-7.2	The contractor shall obtain recorded statements on all claims with a potential for maritime exposure.
A-7.3	The contractor shall maintain accurate information about efforts to conclude the claim, settlement offers made, and responses received. All attempts to settle shall be fully documented in the file.
A-7.4	The contractor shall maintain a current estimate of expected total cost of each claim and provide reserves and reserve calculation tracking including initial reserve establishment and all subsequent changes.
A-7.5	Maritime reserves shall be established by the contractor within three (3) business days of receipt of the Employer's Accident Report, entered into the Contractor's computer system, and shall reflect the expected ultimate cost based upon all information in the file or known at the time the reserve is established. Reserves greater than \$100,000, and subsequent increases of \$100,000 shall require a large loss report and pre-approval by ORM within 30 days of identification that the case is expected to cross

	another \$100,000 threshold.
A-7.6	After reserves have been set, the contractor shall review and adjust reserves whenever new information that would change the evaluation is received. Reserves shall be adjusted when medical information or investigation indicates the existing reserve is inadequate or set too high. The adequacy of reserves should be reviewed at least every 90 days, and document the file of any substantial adjustments in the total reserve within 24 hours of the change.
	<b>Claims Management – Property</b>
A-8.1	Initial contact is to be made with the state agency presenting the claim within 24 hours of receipt of a claim. An acknowledgement letter will be sent to the agency within 2 work days.
A-8.2	Where required, property inspections are to be scheduled within 72 hours of receipt of claim.
A-8.3	Property inspections are to be done on all losses at or greater than \$7,500. These inspections should include photos of the risk and damage to document the loss, plus preparation of a detailed scope of damage and repairs to be done. Competitive contractor's estimates may be used to document the cost of repair on claims less than \$7,500. An adjuster-prepared repair estimate is required on all losses to buildings or structures greater than \$7,500. Exceptions are to be approved by the ORM supervisor having authority over the claim.
A-8.4	Reserves are to be set within 30 days of receipt of claim. Claims with reserves at or above \$30,000 will be reported to ORM within 30 days. Reports are to contain the scope of damage, photos of damage, suggested reserves and an action plan and time line for resolution of the claim. Subsequent reports are to be done at 60-90 day intervals, dependent on claim severity and activity, until conclusion of the claim. Changes in scope of repair and resultant changes in reserves are to be addressed and recorded in the claim file or reported to ORM as soon as there is a change in exposure.
A-8.5	No claim payments are to be made and file closure may not occur until repairs to the damaged property are completed. Adjusters are to pay for damages only after repairs are completed. Payments are usually made directly to the repair vendor or to the involved Agency if the payment is a reimbursement. Completion of repairs is documented by receipt of final repair invoices should the claim not have FP&C involvement or by receipt of a letter from FP&C that confirms completion of repairs and requests payment to the repair vendor where FP&C is involved.
A-8.6	Adjusters are to coordinate with Facility Planning and Control (FP&C) regarding repairs where damages are greater than \$100,000. Adjusters will be responsible for establishing the covered loss and communicating this finding to FP&C. FP&C will follow its established bid/repair guidelines to effect repairs to state property. Where FP&C is involved, the adjuster is to maintain an open claim with ongoing communication with FP&C to obtain information that might change the scope of repair and the ultimate claim cost so that prompt reserve adjustments may be made. File closure will occur once a letter is received from FP&C advising that repairs are complete and requesting payment of final invoices.
A-8.7	Contractor should have the ability to handle periods of high claims volume relating to

	storms. Contractor is expected to respond with appropriate numbers of personnel and equipment to resolve claims quickly.
A-8.8	Contractor is required to be available to meet with and cooperate as needed with the State's excess insurers.
A-8.9	The contractor shall have NFIP (National Flood Insurance Program) certified adjusters available.
	<b>Claims Management – Named Windstorm Deductible Buy Down</b>
A-9.1	ORM will provide coverage for the deductible applied by Builder's Risk policies purchased by Builders for repairs due to damage caused by a named windstorm. The amount of the deductible will be a percentage of the policy limit on each certain project. The builder will purchase the Builder's Risk coverage, thus various insurers will be involved.
A-9.2	Upon receiving notice of loss the contractor will arrange to inspect the risk to determine coverage and develop an appraisal of damage on the covered loss.
A-9.3	Should the appraisal indicate the loss is likely to exceed 50% of the deductible, the Builder's Risk insurer is to be placed on written notice of a potential claim that will exceed the named windstorm deductible.
A-9.4	Payment is to be made based on the adjuster's written estimate of the covered loss. As policies issued by ORM to provide coverage for the named windstorm deductible will have the builder as an additional insured, payment will be made to the State agency or FP&C and the builder.
A-9.5	Once the project is completed a reconciliation will be done to bring actual costs in line with initial payments made by ORM that were based on adjuster estimates. Additional payment may be necessary at that time.
A-9.6	In the instance of a loss that clearly exceeds the named windstorm deductible, the contractor will not be required to write a complete damage repair estimate, but rather only write an estimate to document that the cost of repair will exceed the deductible by 10%. In these instances the Builder's Risk insurer should be placed on notice immediately so they may take the lead in adjusting the claim.
A-9.7	Once the contractor has paid the entire deductible it is expected additional payments and adjuster activity will be assumed by the adjuster for the Builder's Risk policy. The contractor will provide loss documentation to the Builder's Risk insurer from the point in time where the anticipated loss is greater than 50% of the deductible.
	<b>Claims Management – Auto Liability</b>
A-10.1	Contact is to be made with the claimant within 24 hours of knowledge of claim.
A-10.2	Except in cases where the facts clearly indicate no liability on the part of the state, a thorough investigation shall be done on all accidents with bodily injury or where liability and/or the causation of the accident are unclear. This would include obtaining recorded statements from the operator of the state's vehicle, the operator of the claimant vehicle, the passengers in the claimant vehicle and any witnesses to the accident. Reasons for not obtaining a recorded statement shall be explained in the electronic activity notes. All claims investigations will address provisions of RS32:866 commonly referred at the "no pay, no play" statute.
A-10.3	Where needed to support a decision on the disposition of the claim the required

	Investigation will also include obtaining any official reports, such as, police reports and blood alcohol test results.
A-10.4	Claims involving serious injury with reserve potential in excess of \$50,000 will require an accident scene investigation that would include photographs of the scene, a diagram of the scene, as well as, canvassing of the area for potential witnesses.
A-10.5	Property damage claims below \$1,500 may be substantiated by obtaining two competitive repair estimates from the claimant. Payment shall be made per the lower of the two estimates. Should the damages equal or exceed \$1500.00, the damages shall be inspected by a material damage appraiser to determine the amount of the loss.
A-10.6	Reserves are to be set within 30 days of receipt of claim. Claims reserved at or above \$30,000 are to be reported to ORM within 30 days of receipt of claim. Reports are to contain a discussion of liability with recommendations, suggested reserves and a resolution plan or strategy to bring the claim(s) to closure. Subsequent reports are to be sent at 60-90 day intervals dependent on severity and complexity of claim. These are to contain a more detailed analysis of reserve settings including a reserve worksheet. Changes in exposure are to be promptly reported to address the need to change reserve settings.
A-10.7	Litigated claims shall be maintained on a continuous diary to obtain reports from the defense attorney defining the status of the litigation and the plan for resolution of the litigation.
A-10.8	Settlements above \$30,000 shall be approved ORM.
A-10.9	A final release shall be secured on all bodily injury claims. Any claim where a release is not secured (property damage) payment should be sent with a written explanation to the nature and finality of the payment.
	<b>Claims Management – Auto Physical Damage</b>
A-11.1	Contact is to be made with the State agency that has reported an auto physical damage claim within 24 hours.
A-11.2	Physical damage claims below \$1,500 may be substantiated by obtaining two competitive repair estimates. Payment should be made per the lower of the two estimates. Should the damages equal or exceed \$1500.00, the damages should be inspected by a Material Damage Appraiser to determine the amount of the loss.
A-11.3	Payments are generally made to the repair facility once repairs are complete. In certain instances the involved agency may repair its own vehicle. In those instances payment is to be made when documentation is received showing amounts spent for agreed upon repairs.
A-11.4	Physical damage claims are to be kept on a 30-60 day diary to follow for timely payment and conclusion of claims.
	<b>Claims Management – Medical Malpractice</b>
A-12.1	Claims are received by the contractor from the Medical Review Panel. The claim is considered valid after all required filing fees are received. Assignment to defense counsel shall be requested by the contractor.
A-12.2	Two sets of medical records are requested from each medical provider by the contractor, one set provided to the defense counsel and one set for the file.

A-12.3	The contractor shall obtain a medical record review and or timeline of events of alleged malpractice.
A-12.4	Medical experts and Independent Medical Examinations are to be obtained by the contractor when appropriate.
A-12.5	The contractor shall follow the Medical Review Panel requirements in R.S. 40:1299.39 et seq.
A-12.6	Payment made on behalf of a named medical provider in settlement of a medical malpractice claims should be reported by the contractor to the National Practitioner Data Bank.
A-12.7	The contractor shall provide a procedure whereby future medical payments awarded in settlement of judgment in Medical Malpractice claims are processed following the guidelines in R.S. 40:1299.39 et seq. All future medical payments are paid as incurred directly to the provider.
	<b>Claims Management – General Liability (Including Public Officials, Public Protective, and Employment Practices Liability, Personal Injury, and Civil and Constitutional Rights)</b>
A-13.1	Incidents and claims are initially screened by the contractor with respect to coverage and liability issues prior to assigning to an adjuster.
A-13.2	The contractor should contact bodily injury claimants within 24 hours of receipt of the claim, except in cases where the facts indicate no liability. Medical releases and copies of all pertinent medical records will be requested and evaluated by the contractor.
A-13.3	Personal or telephonic contact should be made with the claimant on all cases within 24 hours of receipt of the claim, except in cases where the facts indicate no liability on the part of the State. Contact by mail will suffice only in those instances where personal or telephonic contact is not possible. Personal or telephonic contact should be made with agency personnel having knowledge of the claim within 48 hours following receipt of the claim.
A-13.4	Recorded statements should be taken from the claimant and all witnesses in all cases where there is personal injury or where liability is questionable. Failure to obtain a recorded statement should be explained in the electronic activity notes.
A-13.5	The contractor shall require recorded statements should be taken from the claimant and witnesses in cases where there is bodily injury or the liability is questionable.
A-13.6	The contractor will report all bodily injury claims to ISO, the Index Bureau, as soon as possible.
A-13.7	For licensed vehicle property claims by third parties, in cases of liability, the contractor will require two estimates be obtained from the claimant. Payment will be made on the lower of the two estimates after private liability insurance is verified with the carrier as per Act 1476 of 1997, the Omnibus Premium Reduction Act , R.S.32:866 reduces liability exposure for uninsured automobiles.
A-13.8	For property damage claims, in cases of liability, at least two estimates should be obtained from the claimant for damages below \$1500.00. Damages of \$1500.00 or greater should be inspected by a material damage appraiser. The cost of the appraisal should be recorded as an expense to the claim file.
A-13.9	The contractor should implement a procedure in the claim review process to determine whether injured party is a Medicare beneficiary and gather information necessary for

	CMS Section 111 reporting.
A-13.10	Property damage to privately owned vehicles not involved in a collision with a State owned licensed vehicle still require verification of liability insurance current as of the day of loss at or above the State required minimum coverage, per Act 1476 of 1997 Regular Session found in R.S. 32:866.
	Civil Rights
A-13.11	The contractor should contact the HR department of the named agency to obtain a copy of any investigation in all employment liability cases. Wages and benefits are to be verified in all employment liability cases.
A-13.12	Payment of lost wages and benefits is the responsibility of the named agency according to State Insurance Policy Provisions. The contractor should provide a method to work with the agency in these situations.
A-13.13	Direct contact with the named agency by the contractor is to be made to obtain all pertinent investigative materials for false arrest cases.
A-13.14	The contractor will consider an economic expert may be necessary to evaluate the exposure to economic damages.
A-13.15	<p>Prisoner Claims</p> <ul style="list-style-type: none"> <li>• Non-litigated prisoner claims are received directly from the Department of Corrections. Any claims received directly from a prisoner are returned to DOC for processing by the contractor.</li> <li>• A copy of the ARP file (Administrative Remedy Procedure) should be obtained from DOC along with any investigative material for claims filed by prisoners by the contractor.</li> <li>• A quantum analysis and liability determination shall be provided along with the authority to settle prisoner cases to DOC by the contractor.</li> <li>• The Administrative Remedy Procedure (ARP) file should be reviewed by contractor for completeness of cited medical records, statements of witnesses, guards, etc. The record may be supplemented during the investigation at the ARP level. Once the ARP is submitted to the Court, it cannot be supplemented. Court decisions on prisoner claims are made based on the ARP record as submitted. No outside evidence may be added.</li> </ul>
	<b>Claims Management – Road Hazards</b>
A-14.1	Claims may be received from the DOTD or directly from the claimant. Frequently, receipt of litigation is the first notice of a claim. Suits are to be promptly referred to defense counsel (Attorney General's Office).
A-14.2	On-site investigations are done dependent on severity and complexity of claim. Investigations will include a detailed site visit with photos, a scene diagram and canvassing for witnesses where appropriate. Recorded statements from all drivers (insured and adverse), as well as all witnesses are to be taken. Police reports and other official reports (blood alcohol, etc.) are to be obtained if appropriate. All claims investigations will address provisions of RS 32:866 commonly referred at the "no pay, no play" statute.
A-14.3	Use of the Interagency agreement between ORM and the Department of Public Safety to obtain accident reconstruction data is expected.

A-14.4	Claims reserved at or above \$25,000 are to be reported to ORM within 30 days. Reports are to contain a discussion of liability, reserve suggestions and resolution plan or strategy. Subsequent report to be done with 60-90 days intervals dependent on severity and activity.
A-14.5	Once liability is established, claim/suits are settled or defended after consultation of defense counsel (Attorney General's Office)
A-14.6	All litigated Road Hazard claims are funded by legislative appropriation and paid by the Treasurer. Claims adjusters are to follow prescribed procedures for obtaining Consent Judgments on all settlements. Road Hazard claims are to remain open until final payment is made.
A-14.7	Non-litigated Road Hazard claims do not require specific appropriations and are paid in a manner similar to other types of claims. However, payments for non-litigated Road Hazard claims are subject to an annual limit.
	<b>Claims Management - Wet Marine</b>
A-15.1	Contractor will provide resources to assess damage to marine vessels in excess of nineteen (19) feet. This will include the use of qualified marine surveyors to establish causation and appropriate method and cost of repair.
A-15.2	Contractor will investigate and adjust property damage and bodily injury liability claims arising out of the use of State owned marine vessels.
	<b>Claims Management - Aviation</b>
A-16.1	Contractor will provide resources to investigate aviation accidents. This will include providing qualified damage assessment, investigation into causation and identification of any Third Party or Products liability subrogation potential.
	<b>Claims Management - Reserves</b>
A-17.1	Reserves shall be established by the Contractor within three (3) business days of receipt of the claim, entered into the Contractor's computer system, and shall reflect the expected ultimate cost based upon all information in the file or known at the time the reserve is established. Each claim file shall contain reserve calculation sheets and reserve comments on the computerized narrative log relative to initial and ongoing reserves. Reserves greater than \$100,000, and subsequent increases shall require pre-approval by ORM.
A-17.2	The contractor shall maintain a current estimate of expected total cost of each claim and provide reserves and reserve calculation tracking including initial reserve establishment and all subsequent changes.
A-17.3	The contractor shall set reserves for claims assigned for handling as soon as there is sufficient information about the claim available to make a reasonable estimate of the value of the claim. In all cases, a reserve shall be set when the claim file is opened unless there is a documented reason for delaying setting the reserve. In all cases, the reserve shall be set no later than 30 days after receipt of the claim.
A-17.4	After reserves have been set, the contractor shall review and adjust reserves whenever new information that would change the evaluation is received. The adequacy of reserves should be reviewed at least every 90 days, and the file shall be documented to reflect this review and substantiate any adjustments in the total reserve

	within 24 hours of the change.
	<b>Claims Management - Subrogation/Recoveries/Offsets</b>
A-18.1	The Contractor shall address subrogation potential early during the investigation and immediately secure any evidence so that subrogation rights are preserved.
A-18.2	The Contractor shall pursue recovery from all responsible third parties. All cases involving possible third-party liability and second injury fund recoveries shall be fully investigated within 60 days of notice of accident or information indicating possible recovery.
A-18.3	The Contractor is required to review and monitor all claims which might involve third-party liability and to pursue subrogation against any and all outside parties for which this subrogation may be appropriate. The vendor should document all subrogation standard operating procedures and aggressively communicate verbally and in writing with the appropriate parties. The Contractor shall assure that the State is notified 90 days prior to the statute of limitations expiration if a suit has not been filed to protect the State's interest.
A-18.4	Contractor will identify potential Second Injury Fund claims and submit claims to the Second Injury Board for approval. Contractor will pursue Second Injury Fund recovery on all approved SIF claims through claim closure. Contractor will take all action necessary to maximize SIF recoveries.
A-18.5	Contractor will pursue recovery through claim closure on all claims with potential excess recovery.
	<b>Claims Management - Settlement and Litigation</b>
A-19.1	The contractor shall coordinate with the Attorney General's office or appointed defense counsel with the litigation of state claims including, but not limited to, supplying detailed claim documentation in the format required by the Attorney General's office, drafting answers to interrogatories, providing medical organization and analysis, and participation as needed in hearings and settlement actions.
A-19.2	The contractor shall transfer complete investigation files to the Attorney General's office or contract counsel in the requested format whenever legal action is commenced against the State.
A-19.3	Settlement evaluation will be made promptly, based on information included in the file, as well as other criteria by which a value may be based. Settlement will be pursued in a timely manner, and all negotiations will be coordinated by the adjuster assigned to the case. The contractor will demonstrate effort to settle claims voluntarily and reduce litigation.
A-19.4	For non-litigated cases, the contractor's settlement authority shall be \$25,000. For cases requiring more than that, the Contractor will be required to submit a Request for Settlement Authority (RSA) to ORM.
A-19.5	For litigated cases no authority is granted automatically. The attorney shall coordinate approval of all settlements, which will be handled in accordance with ORM settlement guidelines.
A-19.6	Upon appointment of an outside attorney by the Attorney General and concurrence by ORM, the contractor shall procure the services of that attorney, at the rates specified by ORM. All fees will be paid as an expense.

A-19.7	The services of experts and consultants required to defend a claim will be procured by the contractor and paid as an expense.																																												
A-19.8	ORM and the TPA will develop fee guidelines for experts and consultants. Fees in excess of those guidelines will require approval by ORM.																																												
<b>Loss Prevention</b>																																													
Appraisals																																													
A-20.1	The Contractor shall, for any new or existing state building, conduct all appropriate appraisal functions, including:																																												
<table border="1"> <thead> <tr> <th data-bbox="295 569 764 642">ACTION</th> <th data-bbox="764 569 894 642">NEW BLDG.</th> <th data-bbox="894 569 1073 642">EXISTING BLDG.</th> <th data-bbox="1073 569 1252 642">CHANGE TO BLDG.</th> <th data-bbox="1252 569 1487 642">INACTIVATE A BLDG.</th> </tr> </thead> <tbody> <tr> <td data-bbox="295 642 764 684">Visit site</td> <td data-bbox="764 642 894 684">X</td> <td data-bbox="894 642 1073 684">X</td> <td data-bbox="1073 642 1252 684">X</td> <td data-bbox="1252 642 1487 684">X</td> </tr> <tr> <td data-bbox="295 684 764 905">Gather any pertinent other information/ determine if any major changes have occurred, such as: sq ft, HVAC, occupancy/use of the building, elevator, etc.</td> <td data-bbox="764 684 894 905">X</td> <td data-bbox="894 684 1073 905">X</td> <td data-bbox="1073 684 1252 905"></td> <td data-bbox="1252 684 1487 905"></td> </tr> <tr> <td data-bbox="295 905 764 1094">Determine:</td> <td data-bbox="764 905 894 1094"></td> <td data-bbox="894 905 1073 1094">If building is an object or moveable</td> <td data-bbox="1073 905 1252 1094">If the changes warrant updating the record</td> <td data-bbox="1252 905 1487 1094">If the building no longer exists</td> </tr> <tr> <td data-bbox="295 1094 764 1167">Take a picture of the building-front and back</td> <td data-bbox="764 1094 894 1167">X</td> <td data-bbox="894 1094 1073 1167">X</td> <td data-bbox="1073 1094 1252 1167">Only if needed</td> <td data-bbox="1252 1094 1487 1167"></td> </tr> <tr> <td data-bbox="295 1167 764 1241">Take GPS reading if none exists in State's system</td> <td data-bbox="764 1167 894 1241">X</td> <td data-bbox="894 1167 1073 1241">X</td> <td data-bbox="1073 1167 1252 1241">X</td> <td data-bbox="1252 1167 1487 1241"></td> </tr> <tr> <td data-bbox="295 1241 764 1314">Enter/update information in State's system</td> <td data-bbox="764 1241 894 1314">X</td> <td data-bbox="894 1241 1073 1314">X</td> <td data-bbox="1073 1241 1252 1314">X</td> <td data-bbox="1252 1241 1487 1314"></td> </tr> <tr> <td data-bbox="295 1314 764 1388">Enter new pictures into State's system</td> <td data-bbox="764 1314 894 1388">X</td> <td data-bbox="894 1314 1073 1388">X</td> <td data-bbox="1073 1314 1252 1388">X</td> <td data-bbox="1252 1314 1487 1388"></td> </tr> </tbody> </table>						ACTION	NEW BLDG.	EXISTING BLDG.	CHANGE TO BLDG.	INACTIVATE A BLDG.	Visit site	X	X	X	X	Gather any pertinent other information/ determine if any major changes have occurred, such as: sq ft, HVAC, occupancy/use of the building, elevator, etc.	X	X			Determine:		If building is an object or moveable	If the changes warrant updating the record	If the building no longer exists	Take a picture of the building-front and back	X	X	Only if needed		Take GPS reading if none exists in State's system	X	X	X		Enter/update information in State's system	X	X	X		Enter new pictures into State's system	X	X	X	
ACTION	NEW BLDG.	EXISTING BLDG.	CHANGE TO BLDG.	INACTIVATE A BLDG.																																									
Visit site	X	X	X	X																																									
Gather any pertinent other information/ determine if any major changes have occurred, such as: sq ft, HVAC, occupancy/use of the building, elevator, etc.	X	X																																											
Determine:		If building is an object or moveable	If the changes warrant updating the record	If the building no longer exists																																									
Take a picture of the building-front and back	X	X	Only if needed																																										
Take GPS reading if none exists in State's system	X	X	X																																										
Enter/update information in State's system	X	X	X																																										
Enter new pictures into State's system	X	X	X																																										
A-20.2	Contractor shall verify the historic status of state-owned buildings either by using official documentation the owner-agency supplies or by checking one/both of the following web sites:																																												
<p data-bbox="289 1472 1494 1545"></p> <p data-bbox="289 1545 1494 1619"><a href="http://www.nationalregisterofhistoricplaces.com">www.nationalregisterofhistoricplaces.com</a> (Federal) and</p> <p data-bbox="289 1619 1494 1692"><a href="http://www.crt.state.la.us/dataprojects/hp/nhl/index.asp">http://www.crt.state.la.us/dataprojects/hp/nhl/index.asp</a> (State).</p>																																													
A-20-.3	The contractor shall provide services necessary for the specialized appraisal and valuation of historic structures and submit reports, along with the historic replacement cost to ORM. Historic structures shall be subject to the same 4-year cycle as regular appraisals.																																												
<b>AUDITS</b>																																													

A-20.4	In accordance with R.S. 39:1543, the Contractor shall conduct either an annual comprehensive safety audit or compliance review of every state agency with 15 or more employees. The audit shall follow the current manual and question sets for each of the following: general safety; driver safety; bonds, crime, and property; equipment management; water vessels; and flight operations (as found here): <a href="http://doa.louisiana.gov/orm/lp.htm">http://doa.louisiana.gov/orm/lp.htm</a>
A-20.5	Contractor shall initiate the audit process with an opening conference held with agency management, at which time the expectations of each party are discussed. From that point, the contractor shall contact the appropriate agency safety coordinator to schedule the in-person audit.
A-20.6	Contractor shall review all written safety programs and driver/training records, and shall conduct a visual walkthrough inspection of each facility to make note of any safety and health concerns.
A-20.7	Contractor shall consult with all State agencies regarding safety related training in the areas of hazardous equipment, general safety, drug-free workplace, sexual harassment, driver safety and blood borne pathogens.
A-20.8	Contractor shall consult with state agencies to determine that any employee authorized to operate a state-owned/leased/hired water vessel has taken the appropriate training (taught by LDWF) prior to operating such vessel.
A-20.9	Contractor shall conduct a closing conference to discuss the initial findings. A final score will be issued and a determination made as to whether or not the agency has passed the requirements of the audit.
A-20.10	In addition to the time spent with the agencies during the audit or compliance review, the contractor shall remain in close contact with the agency throughout the year to ensure a successful continuation of their efforts to achieve compliance with the loss prevention audit program.
	<b>CONSULTING</b>
A-20.11	The contractor shall consult with state agencies on safety/health matters that may result in a loss to the State, trend analysis results, including, but not limited to, agency, location, type of claim, type of injury and cause; and Audit deficiency recommendations.
A-20.12	The Contractor will establish and utilize metrics to identify agencies that would benefit from individualized attention. Contractor will work with each of these agencies to identify problem areas, propose and monitor implementation of solutions.
	<b>INSPECTIONS</b>
A-20.13	<b>Heavy Equipment Inspections:</b> The inspections of boilers, generators, large motors, HVAC systems, electrical systems and other heavy mechanical equipment are conducted by Travelers Insurance inspectors. Travelers inspections are continual, while “follow-up Inspections” by the contractor shall take place after the Travelers inspectors identify one or more significant/serious or unsafe problems that should be corrected. The contractor shall assure that the agency has either initiated corrective measures, restored the equipment, or taken the faulty equipment out of service until repairs are made.
A-20.14	<b>Elevator Inspections:</b>

	ORM shall coordinate and retain oversight of elevator inspections to determine code and maintenance violations and shall notify the State Fire Marshal as needed.
A-20.15	If an agency is not adequately addressing/correcting the significant/serious condition(s) identified, the Contractor shall provide written notification to ORM.
	<b>INVESTIGATIONS</b>
A-20.16	Requests for investigations may be initiated from any number of sources, including ORM, contractor, agencies, and other public or private entities. Contractor shall conduct the investigation to: Identify unsafe acts & conditions Gather and preserve evidence Determine contributing factors Interview witnesses (if applicable) Recommend corrective actions
A-20.17	An investigation report or summary shall be provided by the Contractor and shall include a Background, Findings, and Recommendations.
	<b>TRAINING</b>
A-20.18	The Contractor shall develop and maintain training materials for agencies' use in their training programs. Materials appropriate for instructor led, self-study, and online learning shall be provided as agreed upon by ORM.
A-20.19	The Contractor shall conduct training for all agencies, as appropriate, on the Loss Prevention program itself, as well as "train-the-trainer" instruction for agency LP coordinators.
A-20.20	The Contractor shall provide loss prevention training at the ORM Annual Regional Conferences. The Contractor shall conduct such training at individual Department/agency locations, if necessary, to accommodate their needs. The Contractor shall further conduct training for new Department coordinators/agency representatives as necessary. "Train-the-trainer" instruction includes: "Hands-On" Forklift training of Dept. trainers and training Driver Trainers for "Next Step Coaching."
A-20.21	The Contractor shall facilitate and coordinate the annual Equipment Management and Building Facilities training with Travelers Insurance.
A-20.22	The Contractor shall facilitate and coordinate with ORM, the insurance broker, and assigned engineering firm which conducts loss prevention seminars required by the property bid award.
A-20.23	For all training to be provided by the contractor, the State reserves the right to pre-approve all training content, topics, and materials.
	<b>OTHER</b>
A-20.24	The Contractor will carry out their loss prevention services under the direction and control of ORM.
A-20.25	The Contractor should respond to urgent requests within 4 hours for calls received during normal business hours.
	<b>Cash Management</b>
A-21.1	The Contractor shall maintain financial policies and procedures including, but not

	limited to, financial reporting, bank reconciliations, segregation of duties and check processing. The Contractor is responsible for ensuring that their internal operating procedures establish and maintain appropriate internal controls.
A-21.2	All records (including all paid bills and invoices) shall be maintained in a secured environment and retained for the entire contract period. Cancelled checks, check copies, or document images, are to be securely stored, placed in numeric (check number) order, and are the property of the State. All records, images, and documents shall be made available to the State upon request and access to such records shall be within twenty-four hours.
A-21.3	The Contractor shall be responsible for complying with 1099 regulation issued by the Internal Revenue Service. The Contractor shall be liable for any penalties assessed on 1099 established by the Internal Revenue Service. The Contractor shall provide the State with an electronic version of the 1099 file it submits to the Internal Revenue Service within 30 days of filing. The Contractor is responsible for researching and resolving any errors as identified by the IRS.
A-21.4	The State will fund the Contractor's Checking Account on each scheduled State business day for the amount of unfunded cleared payments. Upon receipt of the Contractor's invoice, representing unfunded cleared payments, the State will provide matching funding valuing in the Contractor's Checking Account the same day (wire transfer) of invoice receipt. In the event that a State holiday falls on a day which is not a banking holiday, the deposit will be delayed until the next State business day. At that time, the State will deposit matching funds for all payments cleared since the last State business day or funding. If at any time, the State fails to deposit the full invoice amount, the Contractor shall not be required to issue any additional payments until the State transfers the full amount due. Any invoice discrepancies will be resolved within 45 days of the State providing notice to the Contractor.
A-21.5	Bank account reconciliations, including the bank statement, are to be complete and copies delivered to the State by the end of the subsequent month (example: April reconciliation by the end of May).
A-21.6	The Contractor shall, for each payment made, maintain for on-line access by the State the check number, check date, amount of check, payee, federal employer identification number or social security number, claim number associated with the payment, and the date the check cleared the bank.
A-21.7	Any check issued to an injured worker shall have an informational stub section that will include check number, check date, check amount, payee, claim number, date of service and name and telephone number of the benefit coordinator.
	<b>Audit Requirements</b>
A-22.1	The State shall have full access to and the right to examine the accounts and records of the program and work papers of the Contractor's accountants and auditors.
A-22.2	Contractor will be required to submit annually a copy of an SOC1, Type 2 report resulting from an SSAE 16 review. The review is to be completed at the contractor's expense, and submitted to the State immediately upon completion.
A-22.3	Contractor will be required to submit an annual financial audit report conducted by an independent CPA.
A-22.4	The State requires the Contractor's cooperation with any audits performed by the

	State, including annual audits by the Legislative Auditor, Division of Administration Internal Auditors, or any other audits performed on behalf of the State or ORM.

<b>Risk Management Information System (RMIS)</b>	
A-23.1	The Contractor shall provide a Risk Management Information System capable of supporting all lines of insurance provided by ORM. The system shall also provide on-line functionality for conducting and scoring Loss Prevention audits
A-23.2	The claim system shall allow access to all State staff involved directly in the program, including ORM and agency users
A-23.3	The Contractor shall provide on-line access to ORM that includes all required software at no additional cost. The online access shall include, but is not limited to, access by claim to the claim historical data, financial data, supervisory and adjuster notes, diary information, all payment information, and notes on the system confirming file reviews. The online access shall provide the State the ability to run management reports on the State's claims as needed.
A-23.4	The system shall accurately track the number of lost days and days of restricted work for each claim.
A-23.5	Contractor should capture all data currently available to the State through iCE
A-23.7	Contractor should have a Disaster Recovery plan that provides for the continued operation of critical systems in the event of an interruption or degradation of service, should allow all critical computer and communication systems to be available in the event of a major loss, and should prioritize the sequence of critical systems being recovered. Disaster recovery is to take no longer than forty-eight (48) hours.
A-23.8	The Contractor shall provide secure access to any data extracts sent to the state or other parties.
A-23.9	For the data extracts, the Contractor must satisfy the Federal HIPPA privacy and security requirements.
A-23.10	The State shall have access to all of the Contractor's hard files and all computer files relating to the State including drafts and working documents at all times and without prior notice to the Contractor. The State shall whenever possible give the Contractor a reasonable time to produce the file or locate the computer data.
A-23.11	Claim number and location code guidelines will be provided to the Contractor.
A-23.12	The system must support a multi-line risk management operation providing: <p>Comprehensive general liability (coverage for third-party losses where the state is legally liable and also provides personal injury, wrongful acts as well as other contractual and tort liabilities)</p> <p>Road hazards (coverage for establishment, design, construction, existence, ownership, maintenance, use, extension, improvement, repair, or regulation of any state bridge, tunnel, dam, street, road, highway or expressway)</p> <p>Property (coverage for state buildings and contents, boiler and machinery claims in which the state has an insurable interest, and Employee Bond and Crime losses; covers loss of money, securities, and other property damaged and/or</p>

	<p>stolen as a result of crime committed by a third party; losses caused by employees and will cover property damage as well as loss of monies; bridge property losses, fixed marine facility losses and flood claims)</p> <p>Medical malpractice (coverage for all State of Louisiana health care facilities including the state's charity hospital system, as well as health units and mental health clinics in all parishes; clinics and hospitals in the state's prison system, Louisiana State University Clinics, and Louisiana State University staff and residents in private hospitals throughout the state)</p> <p>Transportation (coverage for state-owned licensed / rented / leased vehicles used for state business including, but not limited to, state automobiles, ferry boats and aircraft)</p> <p>Workers' compensation (coverage for state employees who have been injured during the course and scope of their employment.</p>
A-23.13	The system should be fully integrated, i.e. data entered in one module should be accessible in related modules and navigation between modules is seamless.
A-23.14	The system must have security features that guard against unauthorized access.
A-23.15	The system must support on-line access controls and detection which limit or restricts access to specific data fields, records, screens, reports and system modules to support ORM-defined access privileges and segregation of duties.
A-23.16	The system should support multi-user access to images.
A-23.17	The system should have a feature to fax or e-mail images on request.
A-23.18	The system should provide the capability to search / report on a wide variety of fields.
A-23.19	The system should support on-line incident / accident / claim reporting and ability to differentiate what is being reported.
A-23.20	The system should have an "as of" reporting capability to re-create a specific point in time.
A-23.21	The system should support some degree of risk analysis / predictive modeling.
A-23.22	The system should provide the capability to represent data using charts and graphs.
A-23.23	The system should support the maintenance of vendor data and have that data available throughout the system as needed.
A-23.24	The system should uniquely identify taxable vendors by their Federal Employers Identification Number (FEIN).
A-23.25	<p>By March 15, 2016, the contractor shall develop and implement features to track data related to coverages including (at a minimum):</p> <ul style="list-style-type: none"> <li>- Policy number</li> <li>- Insured / Client name</li> <li>- Insured / Client address with parish code – physical, mailing, email, etc.</li> <li>- Insured / Client telephone number – primary, contact, fax, etc.</li> <li>- Primary point-of-contact name</li> <li>- Primary point-of-contact address – physical, mailing, email, etc.</li> <li>- Line of insurance</li> <li>- Coverage limits</li> </ul>

	<ul style="list-style-type: none"> <li>- Coverage start date</li> <li>- Coverage expiration date</li> </ul>
A-23.26	The system shall also enable ORM to scan and store policy images (e.g., excess carriers) within the system.
A-23.27	The system shall provide the ability to maintain insurance policy data, input premium payables and receivables per policy per agency code, generate invoices, and maintain an agency contacts database.
A-23.28	Insurance policy data fields required under A-23.25 shall include, at a minimum, the following: policy number, coverage type, layer type (commercial/excess/self-insured), carrier name, broker name, effective date, expiration date, and SIR/deductible. The system should provide Basic policy reports.
A-23.29	Features required for invoice generation shall be implemented no later than May 15, 2016, and shall include an invoice report which provides the premium data per agency, per line of coverage, with a total premium computed. The invoice report should also include the agency name and address from the contact database and generate a dedicated invoice number. Premium fields shall include, at a minimum, premium amount, premium invoice date, agency code, premium type (initial premium/premium adjustment/premium penalty/premium credit), premium category (invoiced/paid/budgeted), invoice number, coverage type, and a comments field to enter text comments when needed. The system should provide Invoice summary reports (by coverage line, by agency code, by date).
A-23.30	Agency contacts database fields shall be provided and shall include, at a minimum: name, title, agency, address, telephone, e-mail, agency code, contact type (budget/management/ exposure/claims). The system should provide basic contact information reports.
A-23.31	<p>Features to track data related to scheduling and conducting audits as well as documenting audit findings and related resolutions shall be provided and shall include (at a minimum):</p> <ul style="list-style-type: none"> <li>- Assigned Loss Prevention Specialist</li> <li>- Type of audit</li> <li>- Property identification number</li> <li>- Location code</li> <li>- Date audit began</li> <li>- Date audit ended</li> <li>- Pass/Fail flag</li> </ul>
A-23.32	<p>Features to support the scheduling of property appraisals shall be provided and shall include (at a minimum):</p> <ul style="list-style-type: none"> <li>- Property identification number</li> <li>- Assigned Loss Prevention Specialist</li> <li>- Legal description</li> <li>- Building square footage</li> <li>- Building name</li> <li>- Related property photographs / digital images</li> <li>- Type of appraisal</li> <li>- Date appraisal began</li> </ul>

	<ul style="list-style-type: none"> <li>- Date appraisal ended</li> <li>- Conveyance data (vendor, vendee)</li> <li>- Purchase price</li> <li>- Date of purchase</li> <li>- Appraisal value</li> <li>- Replacement value</li> <li>- Parish</li> <li>- Region</li> <li>- Site</li> </ul>
A-23.33	The Contractor is responsible for downloading the data history for closed and open claims for conversion and importing to its own automated claim and risk management information system database. Contractor should complete a successful and accurate conversion and importation of all elements of the data history.
A-23.34	In the event of loss of any data or records where such loss is due to the intentional act or omission or negligence of the Contractor or any of its subcontractors or agents, the Contractor should, at its own expense, promptly replace or regenerate such data.
	<b>Reporting Requirements</b>
A-24.1	Contractor shall provide a flexible reporting tool and access to RMIS data, including drill down capabilities, which will allow ORM and State agencies to produce reports as needed. Tool should allow ORM to select various report parameters (e.g. ability to choose multiple locations) or exclude various report parameters (e.g. ability to exclude a particular location) based on user need as well as include or exclude data fields based on user needs.
A-24.2	Reporting tool shall include a data dictionary which will provide detail / definitions associated with Contractor reporting parameters and shall provide the ability to view and summarize data by both accident year and fiscal year.
A-24.3	In cases where ORM is unable to produce a necessary report due to system limitations, Contractor shall provide a pre-defined report for that purpose (examples of general types of reports are defined in the sections below; these examples are not intended to represent a complete list of all reports types that may be needed).
A-24.4	The Contractor shall furnish standard requested report types. The final list of required regular reports will be provided to the Contractor by the State Risk Director during implementation of the contract.
A-24.5	The Contractor will identify and dedicate an employee with responsibility for Contractor project management oversight who will work with the ORM project management office to ensure required reports are built, inclusive of correct data fields, based on priorities as agreed between ORM and the Contractor.
A-24.6	The Contractor shall participate, along with ORM, in a formal reporting requirements gathering process that will be initiated once the contract is executed. During this process, required reports will be identified and defined. The deliverable of the requirements process will be a detailed reporting requirements document that defines the intrinsic reporting attributes, including detailed report addendums as the specific reports are developed and accepted by ORM.
A-24.7	Following contract execution, the timeline for development and implementation of the

	<p>prioritized reports is as follows:</p> <ul style="list-style-type: none"> <li>- Immediately Upon Contract Execution: Data for claims payments and new claims/claims activity to be available.</li> <li>- Within 7 Days of Contract Execution: ORM and Contractor to kick off the reporting requirements gathering process to begin defining the required reports. The reporting requirements document deliverable will continue to be updated throughout the process until all reports (through those mentioned in 1.08) have been developed by the Contractor and accepted by ORM.</li> <li>- Within 30 Days of Contract Execution: ORM and Contractor to agree as to reports for initial prioritization, inclusive of specific data to be included in such reports.</li> <li>- Within 60 Days of Contract Execution: Contractor shall furnish initial prioritized reports, inclusive of initial quality checks of data to be included; ORM will test these reports to ensure such information meets the needs of ORM; feedback will be provided to Contractor regarding any changes that are needed.</li> </ul> <p>Within 90 Days of Contract Execution: Contractor shall furnish final reports based on feedback received from ORM. ORM will formally accept final reports and they will be added to the reporting requirements document as addendums.</p>
A-24.8	Following delivery of initial prioritized reports, Contractor will work with ORM to deliver additional reports as needed for ORM management purposes.
A-24.9	Contractor shall meet with ORM on a periodic basis to discuss known and potential issues, key deliverables, and timelines.
	Reports - Claims
A-24.10	Claims reports - Summary and detail level reports of claims data will be required. Users must be able to select and sort by data fields such as date of loss, cause code, adjuster assigned, close date, coverage code, location, litigation status, etc.
A-24.11	Financial reports – Summary and detail level reports of financial data will be required. Users must be able to report on the amount of reserves (low reserves or reserves above a designated amount), significant changes in reserves, average claims cost and other data fields. Reports must be able to be sorted by data fields such as reserve amount, change amount, payment type, etc. Reports must be able to summarize data by both accident year and fiscal year.
A-24.12	Transaction reports – Summary and detail level reports of amounts paid will be required. Users must be able to select and sort by data fields such as payment type, location, period, vendor, etc.
A-24.13	Diary reports – Summary and detail level reports of claim diary data will be required. These reports include delinquent diary reports and reports of claims with no activity in a specified period. Users must be able to select and sort data by adjuster, diary dates (including future diary dates), etc.
A-24.14	Comparison reports – Summary and detail level reports which allow comparison of claims information between agencies must be provided.
A-24.15	Trending Analysis reports – Summary and detail level reports which support analysis of loss data for loss prevention purposes must be provided. Users must be able to select and sort by data fields such as loss date, injury status, cause code, etc.

A-24.16	The ability to produce charts and graphs from report data should be provided.
	Reports - Workers' Compensation
A-24.17	The Contractor shall submit all periodic reports required by OWCA.
A-24.18	Transitional Duty Employment report
A-24.19	Penalties Paid report
A-24.20	Adjustor Case Load report
A-24.21	Vocational Rehab report
	Reports - Statistics
A-24.22	IBNR Monthly Report which includes every fiscal year, going back to 1982 which includes the total claim count, total med paid, total indemnity paid, total vocational paid, total expense paid, total legal paid, deductible paid, recoverable total, total paid. This report is run by line of coverage.
A-24.23	Loss Triangle Report
A-24.24	
A-24.25	Reports - Accounting Reports
A-24.26	Daily Check Register – list of all checks issued
A-24.27	Void Register- list of all checks voided
A-24.28	Check Register Summary report by coverage – balanced to daily check register
A-24.29	Void Register Summary report by coverage – balanced to daily void check report
A-24.30	Workers Compensation check register report by agency –check register sorted by agency for distribution to agencies

**Contract Total**

	Initial 3-Year Period Contract Total	2 Year Renewal Period Contract Total	5 Year Total
Part 1 - Service Fees	\$41,579,739	\$28,844,413	\$70,424,152
Part 2 - Emergency Adjusting Fees	\$3,628,005	\$2,418,670	\$6,046,675
Part 3 - Recovery Fees	\$1,665,000	\$1,110,000	\$2,775,000
<b>Total</b>	<b>\$46,872,744</b>	<b>\$32,373,083</b>	<b>\$79,245,827</b>

<b>Contract Total</b>	<b>\$79,245,827</b>
-----------------------	---------------------

**Part 1 - Service Fees**

Line of Coverage	Billable Amount				
	Initial 3-Year Period			2-Year Renewal Period	
	Year 1 2/1/16-1/31/17	Year 2 2/1/17-1/31/18	Year 3 2/1/18-1/31/19	Year 4 2/1/19-1/31/20	Year 5 2/1/20-1/31/21
Workers' Compensation	\$5,203,715	\$5,300,837	\$5,388,810	\$5,490,040	\$5,581,540
Property	\$895,303	\$908,732	\$922,363	\$936,199	\$950,242
Medical Malpractice	\$1,396,805	\$1,417,757	\$1,439,023	\$1,460,609	\$1,482,518
General Liability	\$1,944,134	\$1,973,296	\$2,002,896	\$2,032,939	\$2,063,433
Transportation	\$1,068,163	\$1,084,186	\$1,100,448	\$1,116,955	\$1,133,709
Road Hazards	\$1,229,675	\$1,248,120	\$1,266,842	\$1,285,844	\$1,305,132
Builder's Risk Deductible Buy-down	\$0	\$0	\$0	\$0	\$0
Loss Prevention	\$1,900,889	\$1,929,402	\$1,958,343	\$1,987,719	\$2,017,534
Underwriting/Premium Development	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$13,638,684</b>	<b>\$13,862,330</b>	<b>\$14,078,725</b>	<b>\$14,310,305</b>	<b>\$14,534,108</b>

<b>Total Part 1</b>	<b>\$70,424,152</b>
---------------------	---------------------

**Part 2 - Emergency Adjusting Fees**

		Rate	Billable Amount		
			3-Year Contract Total	2-Year Renewal Period	5-Year Total
\$0-\$9,999.99	Flat Rate	\$825	\$688,050	\$458,700	\$1,146,750
\$10,000-\$49,999.99	Flat Rate	\$1,285	\$312,255	\$208,170	\$520,425
\$50,000-\$99,999.99	% of Loss	4.80%	\$136,800	\$91,200	\$228,000
\$100,000-\$249,999.99	% of Loss	4.40%	\$224,400	\$149,600	\$374,000
\$250,000-\$499,999.99	% of Loss	3.80%	\$199,500	\$133,000	\$332,500
\$500,000-\$999,999.99	% of Loss	3.40%	\$255,000	\$170,000	\$425,000
\$1,000,000-\$1,999,999.99	% of Loss	3.00%	\$270,000	\$180,000	\$450,000
\$2,000,000-\$4,999,999.99	% of Loss	2.60%	\$312,000	\$208,000	\$520,000
\$5,000,000-\$9,999,999.99	% of Loss	2.30%	\$690,000	\$460,000	\$1,150,000
\$10,000,000+	% of Loss	1.80%	\$540,000	\$360,000	\$900,000
			<b>\$3,628,005</b>	<b>\$2,418,670</b>	<b>\$6,046,675</b>

<b>Total Part 2</b>	<b>\$6,046,675</b>
---------------------	--------------------

Note - Emergency adjusting fees will only be paid for declared disasters and other events specifically approved by ORM. They will not be paid for any claims which are adjusted by in-house contractor staff.

**Part 3 - Recovery Fees**

	Billable Amount			
	Rate	Initial 3-Year Period	2-Year Renewal Period	5-Year Total
Second Injury Fund	11%	\$1,485,000	\$990,000	\$2,475,000
Subrogation*	15%	\$180,000	\$120,000	\$300,000
<b>Total</b>		<b>\$1,665,000</b>	<b>\$1,110,000</b>	<b>\$2,775,000</b>

<b>Total Part 3</b>	<b>\$2,775,000</b>
---------------------	--------------------

\*Contractor will only be compensated for subrogation claims that are NOT turned over to the Attorney General to pursue recovery

RECEIVED  
OFFICE OF  
RISK MANAGEMENT

2016 JAN 29 AM 10:47

**AMENDMENT TO CONTRACT BETWEEN STATE OF LOUISIANA**

Division of Administration/Office of Risk Management

Amendment No. 1

**AND**

Sedgwick Claims Management Services, Inc.  
1100 Ridgeway Loop Road, Memphis, TN 38120

Vendor Number:

---

Contract Number: 2000161613

Effective Date: September 1, 2017

---

**THIS** Amendment No. 1, with an effective date of September 1, 2017 is entered into by the State of Louisiana Division of Administration, Office of Risk Management ("State") and Sedgwick Claims Management Services, Inc. ("Contractor") and amends the Contract between the parties dated January 28, 2016 for claims adjusting and loss prevention services, Contract number: 2000161613, as described below.

**WHEREAS**, State and Contractor desires to amend the Contract to increase the Compensation and Maximum Amount of the 3 (three) year Contract from \$46,872,744 to the revised amount of \$47,763,744 and increase the Compensation and Maximum Amount of the additional 2 (two) years from \$32,373,083 to revised amount of \$32,967,083.

**NOW, THEREFORE**, in consideration of the mutual agreement contained herein, and other good and valuable consideration, the sufficiency of which is hereby agreed to and acknowledged, the parties hereby agree that the Contract is amended as follows.

**Amendment Provisions:**

**CHANGE NUMBER ONE**

Change to ***Section 6.0 Compensation and Maximum Amount of Contract***

***Original language:***

In consideration of the services required by this contract, STATE hereby agrees to pay to CONTRACTOR a maximum of \$46,872,744 for the three year term. In the event that the option to renew for an additional 2 (two) years is executed, a maximum of \$32,373,083 will be paid for the additional 2 (two) years.

The STATE will pay the Contractor for Service Fees, Emergency Adjusting Fees, and Recovery Fees upon receipt of invoices. CONTRACTOR will submit monthly invoices to the STATE. The format of the invoice is subject to STATE approval.

The Service Fees will be billed in monthly increments, each equal to one twelfth (1/12) of the annual amount specified in Appendix B - Cost Information, Part 1 - Service Fees.

The Emergency Adjusting and Recovery Fees will be billed as they arise, according to the rates established in Appendix B - Cost Information, Part 2 - Emergency Adjusting Fees and Part 3 - Recovery Fees. During the 3 (three) year contract term, Emergency Adjusting fees and Recovery Fees shall not exceed \$5,293,005. In the event that the option to renew for

an additional 2 (two) years is executed, a maximum of \$8,821,675 will be paid for the 5 (five) year period.

Payments will be made only on approval of ORM State Risk Director or designee.

In the event a change occurs in state government structure or STATE's program that results in a significant change in the services required under this Contract, STATE and CONTRACTOR will negotiate a cost adjustment and amend the contract accordingly.

**Original language is amended as follows:**

In consideration of the services required by this contract, STATE hereby agrees to pay to CONTRACTOR a maximum of \$47,763,744 for the three year term. In the event that the option to renew for an additional two (2) years is executed, a maximum of \$32,967,083 will be paid for the additional two (2) years.

The STATE will pay the CONTRACTOR for Service Fees, Emergency Adjusting Fees, and Recovery Fees upon receipt of invoices. CONTRACTOR will submit monthly invoices to the STATE. The format of the invoice is subject to STATE approval.

The Service Fees will be billed in monthly increments, each equal to one-twelfth (1/12) of the annual amount specified in Appendix B – Cost Information, Part 1 – Service Fees.

The Emergency Adjusting and Recovery Fees will be billed as they arise, according to the rates established in Appendix B – Cost Information, Part 2 – Emergency Adjusting Fees and Part 3 – Recovery Fees. During the 3 (three) year contract term, Emergency Adjusting Fees and Recovery Fees shall not exceed \$6,184,005. In the event that the option to renew for an additional two (2) years is executed, a maximum of \$ \$10,306,675 will be paid for the five (5) year period.

Payments will be made only on approval of ORM State Risk Director or designee.

In the event of a change occurs in state government structure or STATE's program that results in a significant change in the services required under this Contract, STATE and CONTRACTOR will negotiate a cost adjustment and amend the Contract accordingly.

**CHANGE NUMBER TWO**

Change to **Appendix B Cost Information, Contract Total**

**Original Contract Total chart:**

**Contract Total**

	<b>Initial 3-Year Period Contract Total</b>	<b>2 Year Renewal Period Contract Total</b>	<b>5 Year Total</b>
Part 1 – Service Fees	\$41,579,739	\$28,844,413	\$70,424,152
Part 2 – Emergency Adjusting Fees	\$3,628,005	\$2,418,670	\$6,046,675
Part 3 – Recovery Fees	1,665,000	\$1,110,000	\$2,775,000
<b>Total</b>	<b>\$46,872,744</b>	<b>\$32,373,083</b>	<b>\$79,245,827</b>

<b>Contract Total</b>	<b>\$79,245,827</b>
-----------------------	---------------------

**Original Contract Total chart is amended as follows:**

**Contract Total**

	<b>Initial 3-Year Period Contract Total</b>	<b>2 Year Renewal Period Contract Total</b>	<b>5 Year Total</b>
Part 1 – Service Fees	\$41,579,739	\$28,844,413	\$70,424,152
Part 2 – Emergency Adjusting Fees	\$3,628,005	\$2,418,670	\$6,046,675
Part 3 – Recovery Fees	2,556,000	\$1,704,000	\$4,260,000
<b>Total</b>	<b>\$47,763,744</b>	<b>\$32,967,083</b>	<b>\$80,730,827</b>

<b>Contract Total</b>	<b>\$80,730,827</b>
-----------------------	---------------------

Note: Amendment increased Part 3 – Recovery Fees for the initial 3 (three) year contract period by \$891,000. In the event the option to renew for an additional 2 (two) years is executed, amendment increased Part 3 – Recovery fees by \$594,000. Total contract increase to Part 3 – Recovery Fees is \$1,485,000.

**CHANGE NUMBER THREE**

Change to **Appendix B Cost Information, Part 3 – Recovery Fees**

**Original Part 3 – Recovery Fees chart**

	<b>Billable Amount</b>			
	<b>Rate</b>	<b>Initial 3-Year Period</b>	<b>2-Year Renewal Period</b>	<b>5-Year Total</b>
Second Injury Fund	11%	\$1,485,000	\$990,000	\$2,475,000
Subrogation*	15%	\$180,000	\$120,000	\$300,000
<b>Total</b>		<b>\$1,665,000</b>	<b>\$1,110,000</b>	<b>\$2,775,000</b>

<b>Total Part 3</b>	<b>\$2,775,000</b>
---------------------	--------------------

**Original Part 3 – Recovery Fees chart is amended as follows:**

**Part 3 – Recovery Fees**

<b>Recovery Types</b>	<b>Rates</b>	<b>Amended 3-Yr Period</b>	<b>2-Yr Renewal Period</b>	<b>5-Year Total</b>
Second Injury Fund	11%	\$2,160,000	\$1,440,000	\$3,600,000
Subrogation	15%	396,000	264,000	660,000
<b>Total</b>		<b>\$2,556,000</b>	<b>\$1,704,000</b>	<b>\$4,260,000</b>

<b>Total Part 3</b>	<b>\$4,260,000</b>
---------------------	--------------------

Note: Amendment increased Second Injury Fund recovery fees for the initial 3 (three) year contract period by \$675,000 and Subrogation recovery fees by \$216,000 for a total increase of \$891,000. In the event the option to renew for an additional 2 (two) years is executed, amendment increased Second Injury Fund recovery fees by \$450,000 and Subrogation recovery fees by \$144,000 for a total increase of \$594,000.

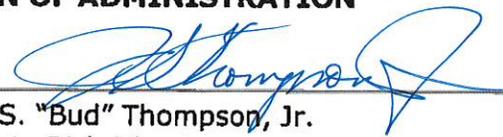
This amendment contains or has attached hereto all revised terms and conditions agreed upon by contracting parties. All other terms and conditions in the original Contract described above will remain the same.

IN WITNESS THEREOF, this amendment is signed and entered into on the date(s) indicated below:

**CONTRACTOR**

BY:   
Name: Stephen R. Hurley  
Title: Senior Vice President  
Sedgwick Claims Management Services, Inc.  
Date: 9-14-2017

**STATE OF LOUISIANA  
DIVISION OF ADMINISTRATION**

BY:   
Name: J. S. "Bud" Thompson, Jr.  
Title: State Risk Director  
Date: 9/14/17

BY:   
Name: Jay Dardenne  
Title: Commissioner of Administration  
Date: 10/18/17

Approved by the Joint Legislative  
Committee on the Budget

DATE: 4/18/18 VA

**AMENDMENT TO CONTRACT BETWEEN STATE OF LOUISIANA**

Division of Administration/Office of Risk Management

Amendment No. 2

**AND**

Sedgwick Claims Management Services, Inc.  
1100 Ridgeway Loop Road, Memphis, TN 38120  
Vendor Number:

Contract Number: 2000161613

Effective Date: March 1, 2018

**THIS** Amendment No. 2, with an effective date of March 1, 2018, is entered into by the State of Louisiana Division of Administration, Office of Risk Management ("STATE") and Sedgwick Claims Management Services, Inc. ("CONTRACTOR") and amends the contract between the parties, dated January 28, 2016 and as amended effective September 1, 2017, for claims adjusting and loss prevention services, Contract number: 2000161613, as described below.

**WHEREAS**, State and Contractor desire to exercise the option to renew for an additional two (2) years, extending the contract to a maximum period of five (5) years, and increasing the Compensation and Maximum Contract Amount in the contract from \$47,763,744 to \$80,730,827 to include the additional two (2) years.

**NOW, THEREFORE**, in consideration of the mutual agreement contained herein, and other good and valuable consideration, the sufficiency of which is hereby agreed to and acknowledged, the parties hereby agree that the contract is amended as follows.

**Amendment Provisions:**

**CHANGE NUMBER ONE**

Change to **Section 3.1 Term of Contract**

**Original language:**

This contract term is three (3) years, from February 1, 2016 to January 31, 2019. The STATE shall have the option to renew for up to two (2) additional years, ending no later than January 31, 2021, subject to approval by the Joint Legislative Committee on the Budget (JLCB).

**Original language is amended as follows:**

This contract term is five (5) years, from February 1, 2016 to January 31, 2021, subject to approval by the Joint Legislative Committee on the Budget (JLCB).

**CHANGE NUMBER TWO**

Change to **Section 6.0 Compensation and Maximum Amount of Contract**

**Amended language (Amendment No. 1):**

In consideration of the services required by this contract, STATE hereby agrees to pay to CONTRACTOR a maximum of \$47,763,744 for the three year term. In the event that the

option to renew for an additional two (2) years is executed, a maximum of \$32,967,083 will be paid for the additional two (2) years.

The STATE will pay the CONTRACTOR for Service Fees, Emergency Adjusting Fees, and Recovery Fees upon receipt of invoices. CONTRACTOR will submit monthly invoices to the STATE. The format of the invoice is subject to STATE approval.

The Service Fees will be billed in monthly increments, each equal to one-twelfth (1/12) of the annual amount specified in Appendix B – Cost Information, Part 1 – Service Fees.

The Emergency Adjusting and Recovery Fees will be billed as they arise, according to the rates established in Appendix B – Cost Information, Part 2 – Emergency Adjusting Fees and Part 3 – Recovery Fees. During the 3 (three) year contract term, Emergency Adjusting Fees and Recovery Fees shall not exceed \$6,184,005. In the event that the option to renew for an additional two (2) years is executed, a maximum of \$10,306,675 will be paid for the five (5) year period.

Payments will be made only on approval of ORM State Risk Director or designee.

In the event of a change occurs in state government structure or STATE's program that results in a significant change in the services required under this contract, STATE and CONTRACTOR will negotiate a cost adjustment and amend the contract accordingly.

***Amendment No. 1 language is amended as follows:***

In consideration of the services required by this contract, STATE hereby agrees to pay to CONTRACTOR a maximum of \$80,730,827 for the five year contract term.

The STATE will pay the CONTRACTOR for Service Fees, Emergency Adjusting Fees, and Recovery Fees upon receipt of invoices. CONTRACTOR will submit monthly invoices to the STATE. The format of the invoice is subject to STATE approval.

The Service Fees will be billed in monthly increments, each equal to one-twelfth (1/12) of the annual amount specified in Appendix B – Cost Information, Part 1 – Service Fees.

The Emergency Adjusting and Recovery Fees will be billed as they arise, according to the rates established in Appendix B – Cost Information, Part 2 – Emergency Adjusting Fees and Part 3 – Recovery Fees. During the five year contract term, Emergency Adjusting Fees and Recovery Fees shall not exceed \$10,306,675.

Payments will be made only on approval of ORM State Risk Director or designee.

In the event a change occurs in state government structure or STATE's program that results in a significant change in the services required under this contract, STATE and CONTRACTOR will negotiate a cost adjustment and amend the contract accordingly.

This amendment contains or has attached hereto all revised terms and conditions agreed upon by contracting parties. All other terms and conditions in the original contract described above will remain the same.

IN WITNESS THEREOF, this amendment is signed and entered into on the date(s) indicated below:

**CONTRACTOR**

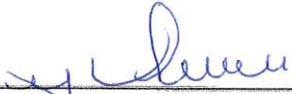
BY:   
Name: Stephen R. Hurley  
Title: Senior Vice President  
Sedgwick Claims Management Services, Inc.

Date: 31 JANUARY 2018

**STATE OF LOUISIANA  
DIVISION OF ADMINISTRATION**

BY:   
Name: Melissa A. Harris  
Title: State Risk Director

Date: 1/31/2018

BY: 1/31/18   
Name: Jay Dardenne  
Title: Commissioner of Administration

Date: 