

CLAIMS ADMINISTRATION SERVICES AGREEMENT

This Claims Administration Services Agreement (the "Agreement") is made and entered into by and between XYZ School District ("Client") and Keenan & Associates ("Keenan"). Client and Keenan are also referred to individually as a "Party" and collectively as the "Parties".

In consideration of the mutual obligations contained herein, the Parties agree as follows:

1. TERM AND TERMINATION:

This term of this Agreement shall be effective from July 1, 2005 through June 30, 2008. Either Party may terminate this Agreement by providing sixty (60) days prior written notice to the other Party. All terms of this Agreement (other than Keenan's obligation to provide services) shall survive the expiration or termination of this Agreement.

2. KEENAN RESPONSIBILITIES AND SCOPE OF SERVICES:

- A. The claims, that are covered by this Agreement (individually, a "Claim" and collectively, the Claims") include all accidents, incidents or claims that are reported to Keenan in writing for which Client has financial responsibility as part of the coverage or insurance (the "Coverage") provided by:
 - 1. the Memorandum of Coverage from Northern California ReLiEF effective, during the term of this Agreement; and
 - 2. such additional insurance coverages, effective during the term of this Agreement, that Client and Keenan agree to add to this Agreement pursuant to an Addendum to this Agreement. (A sample form of Addendum is attached as Exhibit A.)
- B. Subject to the specific services set forth herein, Client shall retain all final authority and responsibility to approve the resolution of all Claims, and Keenan is authorized to act on behalf of Client in connection with the administration of Claims only as expressly stated in this Agreement. Keenan shall perform its services as an independent contractor and, except as specifically set forth in this Agreement, Keenan shall not be an employee, officer, agent or fiduciary of Client.
- C. Client understands that Keenan is not providing any legal, tax or accounting services or advice and that Client shall seek the counsel of its own attorney on all legal issues or matters and consult with its own tax and accounting experts on all related issues and matters relating to the services provided hereby.

3. KEENAN SERVICES:

A. ADMINISTRATIVE SERVICES

- 1. Keenan agrees to provide, during the term of this Agreement, the following administrative services:
 - a. Provide Client a tabulated Monthly Status Report on all active Claims, indicating the open or closed status of each reported Claim assigned to Keenan, the details of each Claim, the payments during the month and the reserve status.
 - b. Establish a bank account from which Claims are paid. If an account has already been established on the Client's behalf, Keenan shall continue to maintain the account upon renewal of services. Keenan will provide transaction registers of all such expenditures. The Client will maintain a balance adequate to pay bills and expenditures on a monthly basis from the account and will reimburse said account promptly on a monthly basis in the amount the account is depleted.

B. ADJUSTMENT SERVICES

1. Keenan agrees to provide, during the term of this Agreement, the following adjustment services on each Claim:
 - a. The maintenance of a file on each Claim reported to Keenan.
 - b. Periodic review and adjustment of reserves on all open claims.
 - c. Whenever investigation results in a determination that Client sustained a liability to a third party, Keenan shall process any such Claim for settlement in accordance with the Coverage and instructions and policies of Client presented to Keenan in writing.
 - d. Investigate, evaluate and adjust all Claims by a covered party in accordance with the terms of the Coverage.
 - e. Notification of Client's primary and excess coverage providers of all Claims, which exceed Client's retained limit and maintenance of liaison between the Coverage providers and the Client on matters affecting the adjustment of such Claims and seek reimbursements for loss in excess of retention or deductible.
 - f. Jointly pursue subrogation/recovery with the Client against any party responsible or partially responsible for loss incurred by Client.
 - g. Recommendation of rejection of Claims when appropriate pursuant to relevant provisions of Title 1, Division 3.6, Part 3, Chapter 2, of the Government Code of the State of California.
 - h. Attempt to obtain Release Agreements on behalf of Client In connection with the settlement of Claims.
 - i. Retain defense and coverage counsel in accordance with approved guidelines for the Coverage. Files referred to counsel will be sent with the appropriate instructions to advise counsel of the steps which are being authorized. All legal bills are to be reviewed for the nature of the work performed and reasonableness of the time charged.

C. INVESTIGATIVE SERVICES

1. Keenan agrees to provide, during the term of this Agreement, the following investigative services:
 - a. Receipt and examination of all reports of Claims.
 - b. Initiate investigation through in-house review of Claims, where the nature of the Claim warrants such investigation or when requested by Client; such investigation to include telephonic or written contact with claimant, witnesses, or employees of Client.
 - c. Assignment to and monitoring of all experts, consultants and field investigators appropriate for the type of Claim presented.
2. Client shall make available to Keenan all employees of Client who are witnesses to an incident or accident or who have knowledge of the event or incident, which is the subject matter of a Claim. If possible, Client shall provide Keenan with photographs and engineering drawings or other descriptive material of all conditions of Client property which are alleged to be dangerous or that were damaged in the events which produced the Claim under investigation.

D. COMPENSATION

In consideration for the services rendered under subsections A, Band C above, Client agrees to pay Keenan fees calculated as follows:

<u>For the period July 1 2005 - June 30, 2006:</u>	
V.P/A.V.P./Claims Manager	\$90.00 per hour
Senior Claims Examiner	\$85.00 per hour
Claims Examiner	\$75.00 per hour
Expenses	42% of hourly billings

Minimum per file charge	One hour
Annual Minimum fee	\$ 7,000.00
Annual Maximum fee	\$25,000.00

For the period July 1 2006 - June 30 2007:

V.P./A.V.P./Claims Manager	\$90.00 per hour
Senior Claims Examiner	\$85.00 per hour
Claims Examiner	\$75.00 per hour
Expenses	42% of hourly billings
Minimum per file charge	One hour
Annual Minimum fee	\$ 9,000.00
Annual Maximum fee	\$27,000.00

For the period July 1 2007 June 30 2008:

V.P./A.V.P./Claims Manager	\$90.00 per hour
Senior Claims Examiner	\$85.00 per hour
Claims Examiner	\$75.00 per hour
Expenses	42% of hourly billings
Minimum per file charge	One hour
Annual Minimum fee	\$12,000.00
Annual Maximum fee	\$30,000.00

The annual minimum fee is due and payable on July 1. Additional fees in excess of the annual minimum, if any, are due and payable upon presentation of the Keenan invoice.

4. ADDITIONAL INVESTIGATIVE SERVICES:

A. INVESTIGATIVE SERVICES

1. Keenan agrees to provide additional investigative services as follows:

If necessary to determine probable liability/damage or deny coverage of a Claim, Keenan shall conduct additional investigation of such Claims, where the nature of the Claim warrants such investigation or when requested by Client. Such investigation shall include additional contact with claimant, witnesses, or employees of Client, and other additional investigative services, such as professional photography, laboratory services, property damage appraisals, taking statements from witnesses away from the premises of Keenan, on-site investigation, copying material and other records, trial preparation and professional engineering services including, but not limited to, map preparation, accident reconstruction, material analysis and premises evaluation (collectively, "Additional Investigative Services").

B. COMPENSATION

Client agrees to pay for the cost of Additional Investigative Services. The invoice for such services shall be due and payable upon presentation. Client acknowledges that Additional Investigative Services may be provided by independent third-party vendors or by employees or affiliates of Keenan; provided that the rates charged by Keenan employees or affiliates shall be at market rates.

5. DISPOSITION OF FILES:

A. All files on each Claim shall be the property of Client.

- B. In the event of the expiration or termination of this Agreement, Keenan shall return all files to Client unless Client requests Keenan to continue to process any file(s), which file(s) Keenan will continue to process on a fee basis as negotiated.
- C. Keenan shall be entitled to keep a copy of such files and documents as may be necessary to demonstrate its performance under this Agreement.

6. INSURANCE:

Keenan shall procure and maintain (to the extent available on reasonable terms) the following minimum insurance coverages at all times during the term of this Agreement. Upon request, Keenan will provide certificates of insurance to Client.

- A. Workers' Compensation. If Keenan employs any person to perform work in connection with this Agreement, Keenan shall procure and maintain at all times during the performance of such work Workers' Compensation Insurance in conformance with the laws of the State of California and federal laws where applicable.
- B. Bodily Injury Death and Property Damage Liability Insurance. Keenan shall procure and maintain at all times during the performance of this Agreement General Liability Insurance (including motor vehicle operation) covering Keenan for liability arising out of the operations of Keenan and its subcontractors. The policy(ies) shall be subject to a limit for each occurrence of One Million Dollars (\$1,000,000).
- C. Professional Liability Insurance. Keenan shall also maintain Professional Liability Insurance covering the services under this Agreement with a limit of liability of One Million Dollars (\$1,000,000) for anyone claim.

7. INDEMNIFICATION:

- A. Keenan shall defend, indemnify and hold harmless Client, its officers, agents and employees against all claims, demands, actions, or liability directly related to the negligence, willful misconduct, or omission of Keenan in connection with the services provided under this Agreement.
- B. Subject to the obligations of Keenan under subsection A above, Client shall defend, indemnify and hold harmless Keenan, its officers, agents, employees and consultants against all claims, demands, actions or liability arising out of this Agreement or the services provided by Keenan hereunder.

8. LIMITATION ON LIABILITY:

Notwithstanding anything to the contrary in this Agreement, in no event shall Keenan be liable for any punitive damages, loss of profits or revenue, loss of business, loss or inaccuracy of data, or scope of insurance coverage or for any indirect, incidental, special or consequential damages incurred by Client, its officers, employees, agents or consultants. Liability for damages shall not exceed the amount of insurance coverages obtained pursuant to Section 6 above.

9. OTHER RELATIONSHIPS:

Client acknowledges and agrees that:

- A. In the event a Claim is reported to Keenan and it is determined that the claimants or cross-complainants are also clients of Keenan to whom Keenan is also committed to serve by contract, Keenan shall notify the Client of the actual or potential conflict of interest. In such event, Client shall either waive the conflict or retain the services of another investigator/adjuster to administer the Claim, and Keenan shall assist the Client in obtaining such service.
- B. Keenan may also provide similar claims administration services to other insurers or reinsurers that may be involved in providing the Coverage.
- C. In its role as an insurance services provider, Keenan and/or its affiliates may provide other services and insurance coverage and receive other compensation that may involve Client, Claims or the Coverage, including without limitation loss control services, joint powers administration, insurance brokerage, reinsurance, obtaining other reinsurance coverage, claims administration, investigative services, financial processing and other related services.

10. DISPUTE RESOLUTION:

Any and all disputes that may arise out of or relate to this Agreement, other agreements or any other relationship involving Client and Keenan (whether occurring prior to, as part of, or after the signing of this Agreement), shall first be resolved by good faith negotiations between the parties with the assistance of nonbinding mediation. In the event either party determines that they are not able to resolve the dispute through negotiation and mediation, then the dispute shall be submitted to, and resolved by, final and binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. Negotiation, mediation and arbitration shall be the exclusive means of dispute resolution as between Client and Keenan and their respective agents, employees, officers and members. Arbitration shall be before a single arbitrator in the County of Los Angeles, California. The Arbitrator shall apply California substantive law. Any party may bring an action in any court of competent jurisdiction, if necessary: (i) to compel arbitration under this arbitration provision, or (ii) to obtain preliminary relief in support of claims to be prosecuted in arbitration, or (iii) to enter a judgment of any award rendered pursuant to such arbitration.

11. GENERAL

- A. This Agreement contains the entire understanding between the Parties related to the subject matters covered by this Agreement and supersedes all prior and collateral statements, presentations, communications, reports, agreements, or understandings, if any, related to such matters.
- B. No modification or amendments to any provision hereof shall be binding unless in writing and signed by authorized representatives from both Parties.
- C. No failure or delay in exercising any right, power or privilege under this Agreement shall be construed as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege under this Agreement.

- D. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any of the other provisions of this Agreement, all of which shall remain in full force and effect.
- E. This Agreement may not be assigned by either Party without the prior written consent of the other Party.
- F. Neither Party shall be liable nor deemed to be in default for any delay or failure in performance under this Agreement resulting, directly or indirectly, from acts of God, civil or military authority, acts of public enemy, war, accidents, fires, explosions, earthquakes, floods, failure of transportation, machinery or supplies, vandalism, strikes, or other work interruptions or any similar or other cause beyond the reasonable control of either Party. However, both Parties shall make good faith efforts to perform under this Agreement in the event of any such circumstances.
- G. In the event of any dispute relating to this Agreement, the prevailing party shall be entitled to recover attorneys' fees and costs, including but not limited to, those incurred in resolving the dispute.
- H. Any rule of construction that ambiguities are to be resolved against the drafting Party shall not be employed in the interpretation of this Agreement, or any amendments or exhibits hereto.
- I. All payments and invoices are due and payable upon presentation by Keenan. In the event Client fails to pay any invoice within thirty days of presentation, Keenan shall be entitled to receive interest on such outstanding invoice from the date of presentation at the rate of (a) 1/2 percent per month or (b) the maximum interest rate permitted by applicable law, whichever is lower.

This Agreement may be executed in counterparts and by facsimile signatures, which will be effective as if original signatures. Each person signing this Agreement on behalf of a Party represents and warrants that he or she has the necessary authority to bind such Party and that this Agreement is binding on and enforceable against such Party.

XYZ School District

BY: _____ Signature: _____
 TITLE: _____
 ADDRESS: _____

 DATE: _____

Keenan & Associates

BY: _____ Signature: _____
 TITLE: _____
 ADDRESS: _____

 DATE: _____

**ADDENDUM TO
CLAIMS ADMINISTRATION SERVICES AGREEMENT**

This Addendum is an agreement by and between XYZ School District ("Client") and Keenan & Associates ("Keenan") to modify the terms of the Claims Administration Services Agreement between Client and Keenan that is in effect from _____ to _____ (the "Agreement").

The following additional types of accidents, incidents or claims that are reported to Keenan for which Client has financial responsibility are included as "Claims" under the Agreement:

- i. Claims for which coverage is available to Client during the term of the Agreement under the insurance coverage provided by for.

- ii.

The effective date of this Addendum is _____.

Keenan shall be compensated for providing its services in connection with such additional Claims as follows: [as set forth in the Agreement].

Each of the undersigned represents and warrants that he or she has the necessary authority to execute this Addendum and that this Addendum is binding on and enforceable against such Party.

XYZ SCHOOL DISTRICT

BY: _____ Signature: _____
TITLE: _____
DATE: _____

KEENAN & ASSOCIATES

BY: _____ Signature: _____
TITLE: _____
DATE: _____

**AMENDMENT TO
CLAIMS ADMINISTRATION SERVICES AGREEMENT**

This Amendment modifies the Claims Administration Services Agreement ("Agreement") effective on July 1, 2008 by and between XYZ School District ("Client") and Keenan & Associates ("Keenan").

1. The effective date of this Amendment is July 1, 2010.
2. This Amendment amends Exhibit B (Compensation) of the Agreement for the period from July 1, 2010 through June 30, 2011 to read as outlined below. This Addendum supersedes any and all prior understanding between the Parties as to this matter.

For the period July 1 2010 June 30 2011:

V.P/A.V.P./Claims Manager	\$90.00 per hour
Senior Claims Examiner	\$85.00 per hour
Claims Examiner	\$75.00 per hour
Expenses	42% of hourly billings
Minimum per file charge	One hour
Annual Minimum fee	\$12,000.00
Annual Maximum fee	\$32,000.00

3. All other terms and conditions of the Agreement remain unchanged.
4. Each person signing this Amendment on behalf of a Party represents and warrants that he or she has the necessary authority to bind such Party and that this Amendment is binding on and enforceable against such Party.

XYZ SCHOOL DISTRICT

BY: _____ Signature: _____
TITLE: _____
DATE: _____

KEENAN & ASSOCIATES

BY: _____ Signature: _____
TITLE: _____
DATE: _____