

THIRD-PARTY ADMINISTRATION WORKERS' COMPENSATION SERVICE CONTRACT

THIS CONTRACT is made as of the 17th day of December, 2024, by and between Lewis County ("CLIENT") including its affiliates, and Penser North America ("Contractor"), who agree as follows:

1. SCOPE OF SERVICES

Contractor agrees to perform all services described in Exhibit A, in accordance with its stated terms and conditions. Exhibit A is attached to and made a part of this Contract.

2. TERM

a. The term of this Contract will be for five (5) years commencing upon the Effective Date of this Contract, and renewing annually thereafter, unless terminated in accordance with section "b." below.

b. Either party may terminate this Contract for default upon ten (10) days written notice to the other, if the other party has substantially failed to fulfill any of its obligations under this Contract in a timely manner. Client may terminate this Contract at its convenience and without cause upon Ninety (90) days written notice to Contractor.

c. A written notice is deemed served when a party sends the notice in an envelope addressed to the other party to this Contract and deposits it with the U.S. Postal Service, first class mail, postage prepaid.

For purposes of this Contract, all notices to Client shall be addressed as follows:

For purposes of this Contract, all notices to Contractor shall be addressed as follows:

Penser North America
Attn: Client Contracts
700 Sleater-Kinney Rd SE Ste B
Lacey, WA 98503

3. INDEMNIFICATION

Contractor, for itself and its heirs, successors and assigns, agrees to release, defend, indemnify and hold harmless Client, its officers, agents, volunteers and employees

from and against any and all claims, demands, liability, damages, lawsuits or other actions, including, but not limited to, personal injury or death or property damage arising out of or in any way connected with Contractor's operations under this Contract, or with the performance of this Contract by Contractor or its officers, employees, partners, directors, subcontractors or agents.

4. INSURANCE

a. Contractor shall maintain at all times during the performance of this Contract a commercial general liability insurance policy with a minimum occurrence coverage in the amount of \$2,000,000 (two million dollars); an automobile liability insurance policy in the minimum amount of \$1,000,000 (one million dollars); and, if any licensed professional performs services under this contract, a professional liability insurance policy in the minimum amount of \$2,000,000 to cover any claims arising out of Contractor's performance of services under this Contract. All insurance, except professional liability, shall name the Client, its officers, agents, volunteers and employees as additional insureds and shall provide primary coverage with respect to the Client.

All insurance policies shall: 1) provide that the insurance carrier shall not cancel, terminate or otherwise modify the terms and conditions of said policies except upon thirty (30) days written notice to the Client's Contract Administrator; 2) be evidenced by the original Certificate of Insurance, specifying the required coverage and the insurance carrier's standard additional insured form endorsement; and 3) be approved as to form and sufficiency by the Client's Contract Administrator.

b. If Contractor employs any person, it shall carry workers' compensation and employer's liability insurance and shall provide a certificate of insurance to the Client. The workers' compensation insurance shall: 1) provide that the insurance carrier shall not cancel, terminate or otherwise modify the terms and conditions of said insurance except upon thirty (30) days written notice to the Client's Contract Administrator; 2) provide for a waiver of any right of subrogation against Client to the extent permitted by law; and 3) shall be approved as to form and sufficiency by the Contract Administrator.

5. CONFORMITY WITH LAW AND SAFETY

a. Contractor shall observe and comply with all applicable laws, ordinances, codes and regulations of governmental agencies, including federal, state, municipal and local governing bodies having jurisdiction over any or all of the scope of services, including all provisions of the Occupational Safety and Health Act of 1979 as amended, all Washington Occupational Safety and Health Regulations, and all other applicable federal, state, municipal and local safety regulations. All services performed by Contractor must be in accordance with these laws, ordinances, codes and regulations. Contractor shall release, defend, indemnify, and hold harmless Client, its officers, agents, volunteers and employees from any and all damages, liability, fines, penalties and consequences from any noncompliance or violation of any laws, ordinances, codes or regulations.

b. If a death, serious personal injury or substantial property damage occurs in connection with the performance of this Contract, Contractor shall immediately notify the Client's Risk Manager by telephone. If any accident occurs in connection with this Contract, Contractor shall promptly submit a written report to Client, in such form as the Client may require. This report shall include the following information: 1) name and address of the injured or deceased person(s); 2) name and address of Contractor's subcontractor, if any; 3) name and address of Contractor's liability insurance carrier; and 4) a detailed description of the accident,

including whether any of Client's equipment, tools or materials were involved.

6. **OWNERSHIP OF DOCUMENTS**

a. When this Contract is terminated, Contractor agrees to return to Client all documents, drawings, photographs and other written or graphic material, however produced, that it received from Client, its contractors or agents, in connection with the performance of its services under this Contract. All materials shall be returned in the same condition as received.

b. Contractor grants Client a royalty-free, exclusive and irrevocable license to reproduce, publish, use and to authorize others to do so, all original computer programs, writing, sound recordings, pictorial reproductions, diagrams, charts, computations, drawings and other works of similar nature produced in the course of the performance of this Contract. Contractor shall not publish any such material without the prior written agreement of the Client.

7. **PAYMENT**

For services referred to in Section 1, Client agrees to pay Contractor a quarterly fee of \$5,750, for the twelve (12) months beginning on the effective date of this Contract above.

- a. It is agreed that the above fees are based on a monthly average of filed claims for a full fiscal year of no more than (1.) sixty (60), including reopening of claims. Should the number of claims filed for a full fiscal year exceed (2.) sixty (60), the parties agree that a fee of \$500.00 shall be billed for each of the claims that exceed the number in (2.) above.
- b. For years 3 – 5 of this contract there will be a 3% increase to the quarterly fee.

8. **INDEPENDENT Contractor**

a. Contractor shall be deemed at all times to be an independent contractor and shall be wholly responsible for the manner in which Contractor performs the services required of Contractor by the terms of this Contract. Contractor shall be liable for its acts and omissions, and those of its employees and its agents. Nothing contained herein shall be construed as creating an employment, agency or partnership relationship between Client and Contractor.

b. Direction from Client regarding the subject of this Contract shall be construed as providing for direction as to policy and the result of Contractor's Work only and not as to the means or methods by which such a result is obtained.

c. Except as expressly provided in this Contract, nothing in this Contract shall operate to confer rights or benefits on persons or entities not party to this Contract.

d. Payment of any taxes, including Washington use and Excise Taxes, levied upon this Contract, the transaction, or the services or goods delivered pursuant hereto, shall be the obligation of Contractor.

9. **CONFIDENTIALITY OF INFORMATION**

Both parties understand and agree that, in the performance of the services under this Contract or in the contemplation thereof, the parties may have access to private or confidential information which may be owned or controlled by Client or Contractor, that such information may contain proprietary or confidential details, the disclosure of which to third parties may be damaging to the parties. The parties agree that all information disclosed by Client or Contractor shall be held in confidence and used only in performance of the Contract. Both parties shall exercise the same standard of care to protect such information as reasonably prudent that they would use to protect their own proprietary data.

10. **GOVERNING LAW**

This Contract shall be deemed to have been executed in the State of Washington. The formation, interpretation and performance of this Contract shall be governed by the laws of the State of Washington.

11. **AMENDMENTS**

The terms and conditions of this Contract shall not be altered or otherwise modified except by a written amendment to this Contract executed by Client and Contractor.

12. **ENTIRE CONTRACT**

a. The terms and conditions of this Contract, all exhibits attached and any documents expressly incorporated by reference represent the entire Contract between the parties with respect to the subject matter of this Contract. This Contract shall supersede any and all prior contracts, oral or written, regarding the subject matter between Client and Contractor. No other contract, statement, or promise relating to the subject matter of this Contract shall be valid or binding except by a written amendment to this Contract.

b. If any conflicts arise between the terms and conditions of this Contract and the terms and conditions of the attached exhibits or any documents expressly incorporated, the terms and conditions of this Contract shall control.

13. **SEVERABILITY**

If any part of this Contract or the application thereof is declared invalid for any reason, such invalidity shall not affect the other provisions of this Contract which can be given effect without the invalid provision or application, and to this end the provisions of this Contract are declared to be severable.

14. **WAIVER**

Failure of Client to insist on strict performance shall not constitute a waiver of any of the provisions of this Contract or a waiver of any other default of Contractor.

15. **ASSIGNMENT**

Contractor may assign this Contract without the prior written consent of the Client, provided that the Contractor is fulfilling its obligations under this Contract.

16. **EFFECT ON SUCCESSORS AND ASSIGNS**

This Contract shall be binding on and inure to the benefit of the heirs, executors, administrators, successors, and assigns of the parties hereto.

17. **SECTION HEADINGS**

The sections and other headings of this Contract are for convenience of reference only and shall be disregarded in the interpretation of this Contract.

IN WITNESS WHEREOF, Client and Contractor have executed this Contract as of the date first mentioned above.

Client:

Contractor: Penser North America

Signature

Signature

Name & Title

Name & Title

Date

Date

EXHIBIT A
SCOPE OF SERVICES

Subject to the terms and conditions set forth in this CONTRACT, Contractor shall provide Client with professional services for workers' compensation third-party administration as follows:

A. Claim administration and adjustment for all existing claims, open and closed, and all new claims for the term of the CONTRACT.

B. Claims Management Services:

1. Contractor will make initial contact with the workers' compensation claimant on all lost time cases and establish a claim file after receipt of the SIF-2 form. Files will be available for review by Client at any time during Contractor's regular business hours.

2. Contractor will provide an informational packet to the injured worker regarding their injury, and pertinent information to assist them with understanding a workers' compensation claim.

3. Contractor will administer the provision of entitlements of workers' compensation benefits under as outlined under RCW Title 51 and all other applicable laws and regulations, including WAC Chapter 296 and Washington State Department of Labor & Industries (L&I) Claims Adjudication Guidelines in a timely and accurate manner.

4. Any and all penalties incurred as a result of the failure of Contractor to comply with statutory laws and/or administrative regulations shall be the sole responsibility of Contractor, except when agreed to in writing by Client. Contractor shall also be responsible for penalties on late first indemnity payments, or resumption of temporary disability benefits, if Client has reported said claim to Contractor within seven (7) days Client's date of knowledge or advised Contractor of a resumption of lost time within seven (7) days of the date last worked.

5. Contractor will maintain accurate and timely loss runs in a claims management tracking system, and establish adequate reserves and log all payments including, but not limited to indemnity, medical, legal, and loss adjustment expenses.

6. Contractor will utilize its preferred Medical Bill Review provider to oversee the reduction of medical bills to fee schedule rates as established by L&I, or negotiated network rates.

7. Selection of defense and subrogation counsel shall be made by Client with input from

Contractor.

8. Contractor will investigate questionable claims with the coordination, assistance and approval of Client.

9. Client shall decide which claims will be referred to independent contract investigative and sub-rosa services, with the coordination and assistance of Contractor.

C. Closing of Claims:

1. Contractor will maintain closed files pursuant to RCW Title 51 provisions.

2. All files remain the property of Client and will not be disposed of by Contractor without Client's authorization.

D. Additional Services:

1. As needed claims review meetings will be held between Client's staff, Contractor's claims examiner(s), and any other pertinent individuals needed to coordinate efficient and effective claims management of particularly complicated claims. Client shall be responsible for preparation of meeting agendas. Contractor's claims examiner(s) shall be responsible for preparation for the review, including reports regarding each claim Client places on the agenda, so long as Client provides agenda to Contractor 30-days prior to meeting date.

2. Prompt and responsive written, oral and in-person communication by Contractor's claims examiner with Client's staff is required.

3. Contractor will prepare and file the Self-Insured Annual Report.

4. Contractor shall provide all requested information to Client and submit request for reimbursements to excess carrier on behalf of Client.

5. Contractor will comply with the performance standards as required by Client.

6. Contractor will act as Client's Reporting Agent for mandatory Medicare reporting and shall fulfill all mandatory reporting obligations.

7. Contractor will provide managed care services through its trusted partners with Case Management, Pharmacy Benefit Management and Ancillary Network Vendors. This will assist with reducing overall claim and healthcare costs on claims.

E. Litigation:

1. Client reserves the right to decide which claims will be referred to legal counsel, with the coordination and assistance of Contractor.

2. Litigation efforts shall be closely monitored by Contractor with regular communications with Client staff. Client's Claim Department staff must authorize any and all claim referrals to legal counsel, depositions, investigative and sub-rosa activities.
3. Medical control on litigated claims shall remain with Contractor and shall not pass to defense counsel.
4. Settlement authority on litigated claims must be approved by Client prior to being presented or negotiated with claimant's attorney.
5. Prior to any settlement conference, Contractor or defense counsel, when Client has assigned a matter to defense counsel, will provide a written analysis of the case including options and recommendations for settlement. All permanent disability ratings must be defined in dollars.
6. Contractor or defense counsel, when Client has assigned a matter to defense counsel, shall inform Client of all settlement offers received from the claimant or claimant's attorney.

F. Financial/Accounting:

1. A trust fund will be maintained and reconciled by Contractor for the purpose of paying benefits and entitlements that may be due on claims presented. The amount that will be maintained in the trust fund shall be agreed to in writing. If the practices cannot agree on such amount, Client shall determine the amount.
2. Documentation of all checks, vouchers or warrants drawn by Contractor to pay benefits and entitlements shall be provided to Client.
3. A monthly check/voucher register of all transactions made for the period shall be provided to Client by Contractor.
4. Client reserves the right to conduct an annual financial audit of the trust account to ensure the integrity of the account.

G. Data Processing/Loss Reporting:

Contractor shall provide a computer-generated loss run analysis/summary report for each month covering activity on all newly reported, open and newly closed claims for the period. This report will be customized to meet Client needs and will provide at a minimum the following information by claim year:

- a. Monthly listing of open claims by Client department/division.
- b. Monthly listing of open claims alphabetically by claimant.
- c. Summaries of all open and closed claims by department total and Client grand total.
- d. Special reports on demand, at no additional charge, such as injury analysis by age, site,

occupation, cause, affected body part, years of service, etc.