RESOLUTION 2016-045  

AUTHORIZED THE CITY MANAGER OF THE CITY OF DEKALB, ILLINOIS TO SIGN AGREEMENTS FOR INSURANCE COVERAGE EFFECTIVE MAY 1, 2016 TO MAY 1, 2017 WITH FEDERAL INSURANCE COMPANY IN THE AMOUNT OF $65,678.00, CERTAIN UNDERWRITERS AT LLOYDS IN THE AMOUNT OF $200,500.00, SAFETY NATIONAL CASUALTY CORPORATION IN THE AMOUNT OF $108,507.00, CITIZENS INSURANCE COMPANY OF AMERICA IN THE AMOUNT OF $3,109.00, BCS INSURANCE COMPANY IN THE AMOUNT OF $6,889.00, QBE INSURANCE COMPANY IN THE AMOUNT OF $12,100.00, NATILUS INSURANCE IN THE AMOUNT OF $5,050.00, ARTHUR J. GALLAGHER RISK MANAGEMENT SERVICES, INC. IN THE AMOUNT OF $43,300.00 AND CCMSI IN THE AMOUNT OF $50,000.00 AND IL SURPLUS LINES IN THE AMOUNT OF $7,419.00 WITH A TOTAL COST OF $502,552.00, AND FOR THIRD PARTY ADMINISTRATION CLAIMS AGREEMENTS.

WHEREAS, The City Council of the City of DeKalb has heretofore approved the expenditure of funds and execution of agreements for the provision of insurance coverage for the City of DeKalb in a specified format that was reviewed and approved by the Council, and whereas such coverage requires periodic renewal which Council seeks to authorize and ratify;

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF DEKALB, ILLINOIS:

Section 1: That the City Council of the City of DeKalb hereby authorizes the City Manager to execute one or more twenty month agreements with Federal Insurance Company, Underwriters at Lloyds, Safety National Casualty Corporation, Citizens Insurance Company of America, BCS Insurance Company, QBE Insurance Company, Nautilus Insurance Company, Arthur J. Gallagher Risk Management Services, Inc., CCMSI and IL Surplus Lines on terms and conditions acceptable to her, for the purpose of maintaining insurance coverage for the City for the 2016-2017 period of coverage, on the attached terms and conditions attached hereto and made a part hereof as Exhibit “A.” This authorization shall be without requiring further authorization or approval of City Council, provided that any costs or expenses to be incurred within the present budget year are within the scope of the then approved budget.

<table>
<thead>
<tr>
<th>Company</th>
<th>Insurance</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Insurance Company (CHUB)</td>
<td>Commercial Property</td>
<td>$ 65,678</td>
</tr>
<tr>
<td>Certain Underwriters at Lloyds (BRIT)</td>
<td>General Liability</td>
<td>$ 200,500</td>
</tr>
<tr>
<td></td>
<td>Law Enforcement</td>
<td>Included</td>
</tr>
<tr>
<td></td>
<td>Public Entity Management</td>
<td>Included</td>
</tr>
<tr>
<td></td>
<td>Public Entity Employment</td>
<td>Included</td>
</tr>
<tr>
<td></td>
<td>Auto Liability and Damage</td>
<td>Included</td>
</tr>
<tr>
<td></td>
<td>Umbrella</td>
<td>Included</td>
</tr>
<tr>
<td>CCMSI</td>
<td>TPA Services</td>
<td>$ 20,000</td>
</tr>
<tr>
<td>IL Surplus Lines</td>
<td>Surplus Taxes and Fees</td>
<td>$ 7,419</td>
</tr>
<tr>
<td>Safety National Casualty Company</td>
<td>Excess Worker’s Comp</td>
<td>$108,507</td>
</tr>
<tr>
<td>Citizens Insurance Company of America</td>
<td>Crime/Public Official</td>
<td>$ 3,109</td>
</tr>
<tr>
<td>BCS Insurance Company</td>
<td>Cyber Liability</td>
<td>$ 6,889</td>
</tr>
</tbody>
</table>
QBE Insurance Corporation  | Airport  | $12,100  
Nautilus Insurance Company  | Storage Tank Insurance  | $5,050  
Arthur J. Gallagher Risk Management Services  | Brokerage  | $43,300  
CCMSI  | WC Claims Administration & Loss Control Services  | $30,000  

Total $502,552

The City Manager is further authorized to execute all agreements required to obtain third party Administration services from CCMSI, within budgeted amounts, for the City’s property damage, liability or other insured claims, and also for administration of the City’s Workers’ Compensation claims.

With respect to the foregoing coverage, the City Manager is further authorized to execute agreements relating to the establishment or funding of escrow or impress accounts (or other similar financial accounts), to provide initial funding for such accounts, and to thereafter regularly replenish such accounts, within budgeted amounts. All of the foregoing authorizations in this resolution shall be without regard to the City Manager’s spending authority, and the City Manager is authorized and directed to negotiate and execute agreements providing for all of the foregoing, on terms and conditions acceptable to her with the recommendation of City staff.

The City Council acknowledges that the amounts set forth above are estimates, and further acknowledges that for certain among the agreements listed (e.g. the third party administration agreements), the City incurs per-claim costs. The City staff is authorized and directed to utilize said third party administrators for the claims incurred by the City, and the Council authorizes expenditures with the vendors listed herein up to the full limit of sums budgeted. Additionally, on a per-claim basis, the City Manager is authorized and directed to act within the spending authority of that position to resolve claims on behalf of the City.

Section 2: That this Resolution shall become effective immediately upon its passage and recording by the City Clerk.

PASSED BY THE CITY COUNCIL of the City of DeKalb, Illinois, at a regular meeting thereof held on the 25th day of April, 2016 and approved by me as Mayor on the same day. Passed by an 8-0 roll call vote. Aye: Jacobson, Finucane, Marquardt, Snow, Norieko, Baker, Faivre, Rey.

ATTEST:

JENNIFER JEEP JOHNSON, City Clerk  
JOHN A. REY, Mayor
Client Signature Requirements
Client Authorization to Bind Coverage

After careful consideration of Gallagher's proposal dated March 21, 2016, we accept the following coverage(s). Please check the desired coverage(s) and note any coverage amendments below:

<table>
<thead>
<tr>
<th>Accept</th>
<th>Reject</th>
<th>LINE OF COVERAGE</th>
<th>CARRIER</th>
</tr>
</thead>
<tbody>
<tr>
<td>𝗦</td>
<td>☐</td>
<td>Bind Coverage for 12 Months</td>
<td>Travelers Property and Casualty Company of America</td>
</tr>
<tr>
<td>☐</td>
<td>☐</td>
<td>Bind Coverage for 18 Months</td>
<td>Federal Insurance Company</td>
</tr>
<tr>
<td>☐</td>
<td>☐</td>
<td>Commercial Property</td>
<td>Liberty Mutual Fire Insurance Company</td>
</tr>
<tr>
<td>☒</td>
<td>☐</td>
<td>TRIA Coverage</td>
<td>Hartford Steam Boiler Inspection and Insurance Company</td>
</tr>
<tr>
<td>☒</td>
<td>☐</td>
<td>TRIA Coverage</td>
<td>CNA</td>
</tr>
<tr>
<td>☐</td>
<td>☐</td>
<td>Equipment Breakdown</td>
<td>Travelers Indemnity Company</td>
</tr>
<tr>
<td>☐</td>
<td>☐</td>
<td>Equipment Breakdown</td>
<td>Travelers Indemnity Company</td>
</tr>
<tr>
<td>☐</td>
<td>☐</td>
<td>Equipment Breakdown</td>
<td>Travelers Indemnity Company</td>
</tr>
<tr>
<td>☐</td>
<td>☐</td>
<td>Public Entity Package</td>
<td>Travelers Indemnity Company</td>
</tr>
<tr>
<td>☐</td>
<td>☐</td>
<td>TRIA Coverage</td>
<td>Certain Underwriters at Lloyd's</td>
</tr>
<tr>
<td>☒</td>
<td>☐</td>
<td>TRIA Coverage</td>
<td>* Requires TPA Services</td>
</tr>
<tr>
<td>☐</td>
<td>☐</td>
<td>Public Entity Package</td>
<td>AIX Specialty Insurance Company</td>
</tr>
<tr>
<td>☐</td>
<td>☐</td>
<td>TRIA Coverage</td>
<td>Safety National Casualty Corporation</td>
</tr>
<tr>
<td>☐</td>
<td>☐</td>
<td>Public Entity Package</td>
<td>Safety National Casualty Corporation</td>
</tr>
<tr>
<td>☐</td>
<td>☐</td>
<td>TRIA Coverage</td>
<td>Safety National Casualty Corporation</td>
</tr>
<tr>
<td>☐</td>
<td>☐</td>
<td>Excess Workers Compensation</td>
<td>Safety National Casualty Corporation</td>
</tr>
<tr>
<td>☒</td>
<td>☐</td>
<td>Excess Workers Compensation Discounted Premium can only be bound with above Package Quote</td>
<td>Safety National Casualty Corporation</td>
</tr>
<tr>
<td>☒</td>
<td>☐</td>
<td>Excess Workers Compensation</td>
<td>Safety National Casualty Corporation</td>
</tr>
<tr>
<td>☐</td>
<td>☐</td>
<td>Workers Compensation</td>
<td>Illinois Public Risk Fund</td>
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</table>
Client Authorization to Bind Coverage (Cont.)

<table>
<thead>
<tr>
<th>LINE OF COVERAGE</th>
<th>CARRIER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crime and Public Officials Bonds</td>
<td>Citizens Insurance Company of America</td>
</tr>
<tr>
<td>Cyber Liability</td>
<td>BCS Insurance Company</td>
</tr>
<tr>
<td>TRIA Coverage</td>
<td>QBE Insurance Corporation</td>
</tr>
<tr>
<td>Airport Liability</td>
<td>Nautilus Insurance Company</td>
</tr>
<tr>
<td>TRIA Coverage</td>
<td></td>
</tr>
<tr>
<td>Storage Tank Liability</td>
<td></td>
</tr>
<tr>
<td>TRIA Coverage</td>
<td></td>
</tr>
</tbody>
</table>

PRODUCER / INSURED COVERAGE AMENDMENTS & NOTES

Client Initials

Arthur J. Gallagher Risk Management Services, Inc.

82
Client Authorization to Bind Coverage (Cont.)

It is understood this proposal provides only a summary of the details; the policies will contain the actual coverages.

We confirm the values, schedules, and other data contained in the proposal are from our records and acknowledge it is our responsibility to see that they are maintained accurately.

We agree that your liability to us arising from your negligent acts or omissions, whether related to the insurance or surety placed pursuant to these binding instructions or not, shall not exceed $20 million, in the aggregate. Further, without limiting the foregoing, we agree that in the event you breach your obligations, you shall only be liable for actual damages we incur and that you shall not be liable for any indirect, consequential or punitive damages.

By: [Signature]
Specify: owner, partner or corporate officer

Anne Marie Gaura
Print Name

Date: 4-29-16
Changes / Developments

It is important that we be advised of any changes in your operations that may have a bearing on the validity and/or adequacy of your insurance. The types of changes that concern us include, but are not limited to, those listed below:

1. Changes in any operation such as expansion to other states or new products.
2. Mergers and/or acquisition of new companies.
3. Any newly assumed contractual liability, granting of indemnities, or hold harmless agreements.
4. Circumstances which may require increased liability insurance limits.
5. Any changes in fire or theft protection, such as the installation of or disconnection of sprinkler systems, burglar alarms, etc. This includes any alterations to same.
6. Immediate advice of any changes to scheduled equipment such as contractors’ equipment, electronic data processing, etc.
7. Property of yours that is in transit, unless we have previously arranged for the insurance.
8. Any changes in existing premises including vacancy, whether temporary or permanent, alterations, demolition, etc. Also, any new premises either purchased, constructed, or occupied.

☐ No Changes and/or Developments

Signature: 

Title: Anne Marie Gaura

Date: 4-29-16
is paid. Any such fees or commission will not constitute compensation to Gallagher under Section III. above.

B. Gallagher's fees under this Agreement shall be fully earned on the execution of this Agreement (and any renewal thereof), and payable on invoicing. Client is responsible for payment of premiums for all insurance placed by Gallagher on its behalf. If any amount is not paid in full when due, including premium payments to insurance companies, that nonpayment will constitute a material breach of this Agreement that will allow Gallagher to immediately terminate this Agreement, at its option, without notice to Client.

C. Where applicable, insurance coverage placements which Gallagher makes on Client's behalf, may require the payment of federal excise taxes, surplus lines taxes, stamping or other fees, to the Internal Revenue Service (federal), various state(s) departments of revenue, state regulators, boards or associations. In such cases, Client is responsible for the payment of such taxes and/or fees, which will be identified separately by Gallagher on invoices covering these placements. Under no circumstances will these taxes or other related fees or charges be offset against the amount of Gallagher's brokerage fees or commissions referred to herein.

D. Gallagher will be operating only as Client's broker, obtaining a variety of coverage terms and conditions to protect the risks of Client's enterprise. Gallagher will seek to bind those coverages based upon Client's authorization, however, Gallagher can make no warranties in respect to policy limits or coverage considerations of the carrier. Actual coverage is determined by policy language, so read all policies carefully. Contact Gallagher with questions on these or any other issues of concern.

V. LIMITATION OF LIABILITY

Gallagher's liability to Client, arising from any negligent acts or omissions of Gallagher, whether related to the Services provided hereunder or not, shall not exceed $20 million in the aggregate. Without limiting the forgoing, Gallagher shall only be liable for actual damages incurred by Client, and shall not be liable for any indirect, consequential or punitive damages.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the date first written above.

ARTHUR J. GALLAGHER RISK MANAGEMENT SERVICES, INC.

By: [Signature]

Name: Eric Fan

Title: Area President

CITY OF DEKALB

By: [Signature]

Name: Anne Marie Gaura

Title: City Manager
Exhibit A

Services

Perform risk management services, which Client may from time to time need or require. The services include:

A. Brokerage Placement Services
   - Identify available marketplace coverages and program needs to insure and/or minimize risks.
   - Compile underwriting data and information to prepare market specifications.
   - Evaluate and analyze insurance quotations – each company reviewed for financial stability, solvency and service record.
   - Negotiate with underwriters to achieve broadest coverages at best price.
   - Prepare proposal to explain coverages, limits and exclusions.
   - Bind coverages and confirm placement.
   - Secure policies and review for accuracy.
   - Bind coverage as directed by the City for the 5/1/2016-5/1/2017 policy period. For future years Gallagher will obtain quotes from other insurers if mutually acceptable to the City and Gallagher.

B. Administrative Services
   - Marketing plan 120 days prior to renewal.
   - Prepare insurance program Summary of Insurance.
   - Billing.
   - Any work performed by Gallagher which is not included in this contract and requires additional charges will require the express, written approval of the City Manager or his designee prior to being incurred.

C. Claim Administration
   - Secure monthly loss runs for past five years.
   - Secure status reports.

D. Risk Management Enhancements
   - Access to all risk management publications to stay contemporary with environmental changes and current hot topics.
   - Attendance at risk management conferences.
This Notice pertains to the following quotation issued by an insurer of the Chubb Group of Insurance Companies. If you have more than one Chubb policy, you will receive individual notice(s) for each policy to which the Terrorism Risk Insurance Act applies.

Mailing Date February 24, 2016
Insured Name City Of Dekalb
Mailing Street Address 200 S. Fourth Street
Mailing City, State, Zip DeKalb, Illinois 60115

<table>
<thead>
<tr>
<th>Policy Type</th>
<th>Policy Number</th>
<th>Effective Date</th>
<th>Underwriting Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property</td>
<td>TBD</td>
<td>05/01/2016</td>
<td>Federal Insurance Company</td>
</tr>
</tbody>
</table>

![CHUBB]

IMPORTANT NOTICE TO POLICYHOLDER
TERRORISM RISK INSURANCE ACT

You are hereby notified that pursuant to the Terrorism Risk Insurance Act (the “Act”) we are making available to you insurance for losses arising out of certain acts of terrorism. Terrorism is defined as any act certified by the Secretary of the Treasury of the United States, to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States Mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

You should know that the insurance provided by your policy for losses caused by acts of terrorism is partially reimbursed by the United States of America under the formula set forth in the Act. Under this formula, the United States of America pays 85% of covered terrorism losses that exceed the statutorily established deductible to be paid by the insurance company providing the insurance. Beginning in 2016, the Federal Share will be reduced by 1% per year until it reaches 80%, where it will remain.

However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed $100 billion in a calendar year, the Treasury shall not make any payment for any portion of the amount of such losses that exceeds $100 billion.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed $100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds $100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

The portion of your annual premium that is attributable to insurance for such acts of terrorism is: $1,606
$2,683 (term)

If you elect not to purchase coverage for terrorism and your policy provides commercial property insurance in a jurisdiction that has a statutory standard fire policy, the premium shown here for Ensuring Fire is the amount attributable to the insurance provided pursuant to that statutory standard fire policy. This coverage cannot be rejected. That amount is $323 (539 term)

Important NoticeForm 99-10-0729 (Rev.01-15) Property - Important Notice to Policyholder Page 1 of 3
This Notice pertains to the following quotation issued by an insurer of the Chubb Group of Insurance Companies. If you have more than one Chubb policy, you will receive individual notice(s) for each policy to which the Terrorism Risk Insurance Act applies.

Mailing Date February 24, 2016

Insured Name City Of Dekalb
Mailing Street Address 200 S. Fourth Street
Mailing City, State, Zip De Kalb, Illinois 60115

<table>
<thead>
<tr>
<th>Policy Type</th>
<th>Policy Number</th>
<th>Effective Date</th>
<th>Underwriting Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property</td>
<td>TBD</td>
<td>05/01/2016</td>
<td>Federal Insurance Company</td>
</tr>
</tbody>
</table>

Under the Act, you have thirty (30) days from the date of this notice to consider whether or not you wish to maintain insurance for terrorism losses covered by the Act.

If you elect not to maintain this insurance, please so indicate by placing an “X” in the space provided on the next page, sign and return this disclosure notice to your agent or broker as soon as possible. By electing not to maintain this insurance, you agree that we may attach a terrorism exclusion or sublimits to your policy. If you do not sign and return this disclosure notice, you will be deemed to have decided to maintain this insurance, subject to the next paragraph.

If you elect to maintain this insurance, you must pay the premium disclosed above, otherwise we will avail ourselves of our normal remedies for nonpayment of premium, including cancellation of your policy in accordance with its terms.

Important Notice
Form 99-10-0729 (Rev.01-15) Property - Important Notice to Policyholder Page 2 of 3
This Notice pertains to the following quotation issued by an insurer of the Chubb Group of Insurance Companies. If you have more than one Chubb policy, you will receive individual notice(s) for each policy to which the Terrorism Risk Insurance Act applies.

Mailing Date: February 24, 2016

Insured Name: City Of Dekalb
Mailing Street Address: 200 S. Fourth Street
Mailing City, State, Zip: De Kalb, Illinois  60115

<table>
<thead>
<tr>
<th>Policy Type</th>
<th>Policy Number</th>
<th>Effective Date</th>
<th>Underwriting Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property</td>
<td>TBD</td>
<td>05/01/2016</td>
<td>Federal Insurance Company</td>
</tr>
</tbody>
</table>

Rejection of terrorism insurance:

X I hereby elect to purchase terrorism.

☐ I hereby reject terrorism insurance and elect to have a terrorism exclusion, sublimit or other limitation included in my policy. I understand that I will have no, or limited, coverage for losses arising from acts of terrorism.

Policyholder/Applicant’s Name: [Signature]

Policyholder/Applicant’s Signature: Anne Marie Saura

Date: 4-29-16
POLICYHOLDER DISCLOSURE
NOTICE OF TERRORISM INSURANCE COVERAGE

You are hereby notified that under the Terrorism Risk Insurance Act of 2002, as amended ("TRIA"), that you now have a right to purchase insurance coverage for losses arising out of acts of terrorism, as defined in Section 102(1) of the Act, as amended: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury, in consultation with the Secretary of Homeland Security and the Attorney General of the United States, to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States mission; and to have been committed by an individual or individuals, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. Any coverage you purchase for "acts of terrorism" shall expire at 12:00 midnight December 31, 2020, the date on which the TRIA Program is scheduled to terminate, or the expiry date of the policy whichever occurs first, and shall not cover any losses or events which arise after the earlier of these dates.

YOU SHOULD KNOW THAT COVERAGE PROVIDED BY THIS POLICY FOR LOSSES CAUSED BY CERTIFIED ACTS OF TERRORISM IS PARTIALLY REIMBURSED BY THE UNITED STATES UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THIS FORMULA, THE UNITED STATES PAYS 85% THROUGH 2015; 84% BEGINNING ON JANUARY 1, 2016; 83% BEGINNING ON JANUARY 1, 2017; 82% BEGINNING ON JANUARY 1, 2018; 81% BEGINNING ON JANUARY 1, 2019 AND 80% BEGINNING ON JANUARY 1, 2020; OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURER(S) PROVIDING THE COVERAGE. YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A USD100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS USD100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED USD100 BILLION, YOUR COVERAGE MAY BE REDUCED.

THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

[ Signature ]

I hereby elect to purchase coverage for acts of terrorism for a prospective premium of $ [ ]

[ Signature ]

I hereby elect to have coverage for acts of terrorism excluded from my policy.

[ Signature ]

I understand that I will have no coverage for losses arising from acts of terrorism.

Policyholder / Applicant's Signature

Doug Ransom
for Brit Global Specialty, USA
on behalf of certain Underwriters at Lloyd's

March 14, 2016
Date Signed

Anne Marie Gaura
Print Name
4-29-16
Date Signed

Account Name: 
Policy Number: 
Policy Period: 

LMA9104
Form approved by Lloyd's Market Association

Brit Global Specialty USA
A member of the Brit Global Specialty
Page 9 of 11
BCS INSURANCE COMPANY
2 Mid America Plaza, Suite 200
Oakbrook Terrace, IL 60181

Cyber Liability And Privacy Coverage
Application - Illinois

94.001-3 - IL (09/15)

CERTAIN COVERAGES OFFERED ARE LIMITED TO LIABILITY FOR CLAIMS THAT ARE FIRST MADE AGAINST THE INSURED AND NOTIFIED TO US DURING THE POLICY PERIOD AS REQUIRED. CLAIM EXPENSES SHALL REDUCE THE APPLICABLE LIMITS OF LIABILITY AND ARE SUBJECT TO THE APPLICABLE RETENTION(S). PLEASE READ THE POLICY CAREFULLY.

You, Your Company, and Applicant mean all corporations, organizations or other entities, including subsidiaries, proposed for this insurance.

---

### I. GENERAL INFORMATION

<table>
<thead>
<tr>
<th>Name of Applicant</th>
<th>City of DeKalb</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mailing Address</td>
<td>200 South Fourth Street</td>
</tr>
<tr>
<td>City</td>
<td>DeKalb</td>
</tr>
<tr>
<td>State</td>
<td>Illinois</td>
</tr>
<tr>
<td>ZIP Code</td>
<td>60115</td>
</tr>
<tr>
<td>Description of Applicant's Operations</td>
<td>Government</td>
</tr>
</tbody>
</table>

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### II. INSURANCE TERMS/CURRENT INSURANCE INFORMATION

The following table details the limits and retentions being offered:

<table>
<thead>
<tr>
<th>Insuring Agreement</th>
<th>Limit</th>
<th>Retention</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Privacy Liability</td>
<td>$1,000,000</td>
<td>$10,000</td>
</tr>
<tr>
<td>B. Privacy Regulatory Claims Coverage</td>
<td>$1,000,000</td>
<td>$10,000</td>
</tr>
<tr>
<td>C. Security Breach Response Coverage</td>
<td>$1,000,000</td>
<td>$10,000</td>
</tr>
<tr>
<td>D. Security Liability</td>
<td>$1,000,000</td>
<td>$10,000</td>
</tr>
<tr>
<td>E. Multimedia Liability</td>
<td>$1,000,000</td>
<td>$10,000</td>
</tr>
<tr>
<td>F. Cyber Extortion</td>
<td>$1,000,000</td>
<td>$10,000</td>
</tr>
<tr>
<td>G. Business Income and Digital Asset Restoration</td>
<td>$1,000,000</td>
<td>$10,000 (each claim 12 hrs waiting period)</td>
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<tr>
<td>H. PCI DSS Assessment</td>
<td>$100,000</td>
<td>$10,000</td>
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</tbody>
</table>

Retroactive date of expiring policy: 05/01/2015
III. REVENUES

Indicate the following as it relates to the Applicant's fiscal year end (FYE):

<table>
<thead>
<tr>
<th>Total Revenue</th>
<th>Prior FYE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$33,750,000</td>
</tr>
</tbody>
</table>

IV. NETWORK SECURITY

SYSTEMS

1. Do You, or an outsourced firm, back up your data and systems at least once a week, and store these backups in an offline location? Yes ☒ No ☐

2. Do You have anti-virus software and firewalls in place that are regularly updated (at least quarterly)? Yes ☒ No ☐

3. Are You aware of any or have any grounds for suspecting any circumstances which might give rise to a claim? Yes ☐ No ☒

4. Within the last 5 years, has Your Company suffered any system intrusions, tampering, virus or malicious code attacks, loss of data, loss of portable media, hacking incidents, extortion attempts, or data theft, resulting in a claim in excess of $25,000 that would be covered by this insurance? Yes ☐ No ☒

If the Applicant is a Healthcare organization, Financial Institution or Legal Services (consumer) then the following question MUST be answered:

5. Do You have a written policy which requires that personally identifiable information stored on mobile devices (e.g. laptop computers / smartphones) and portable media (e.g. flash drives, back-up tapes) be protected by encryption? Yes ☐ No ☒

* With respect to the information required to be disclosed in response to the questions above, the proposed insurance will not afford coverage for any claim arising from any fact, circumstance, situation, event or act about which any executive officer of the Applicant had knowledge prior to the issuance of the proposed policy, nor for any person or entity who knew of such fact, circumstance, situation, event or act prior to the issuance of the proposed policy.

A policy may not be rescinded, defeated or voided unless the misrepresentation is stated in policy, endorsement or rider attached thereto, or in the written application therefore, and was made with the actual intent to deceive, or materially affected either the acceptance of the risk or the hazard assumed by the company.

Signature * of Applicant's Authorized Representative (President, CEO or Chief Information/Security Officer)

Title

Anne Marie Gaura
Name (Printed)

Date 4-29-16
POLICYHOLDER DISCLOSURE
NOTICE OF TERRORISM INSURANCE COVERAGE
94.563 (01/15)

You are hereby notified that under the Terrorism Risk Insurance Act, as amended, you have a right to purchase insurance coverage for losses resulting from acts of terrorism, as defined in Section 102(1) of the Act: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury—in consultation with the Secretary of Homeland Security, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

YOU SHOULD KNOW THAT WHERE COVERAGE IS PROVIDED BY THIS POLICY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM, SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS.

UNDER THE FORMULA, THE UNITED STATES GOVERNMENT GENERALLY REIMBURSES 85% THROUGH 2015; 84% BEGINNING ON JANUARY 1, 2016; 83% BEGINNING ON JANUARY 1, 2017; 82% BEGINNING ON JANUARY 1, 2018; 81% BEGINNING ON JANUARY 1, 2019 AND 80% BEGINNING ON JANUARY 1, 2020 OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS THAT MAY BE COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A $100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS $100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED $100 BILLION, YOUR COVERAGE MAY BE REDUCED.
Acceptance or Rejection of Terrorism Insurance Coverage

☒ I hereby elect to purchase terrorism coverage for a prospective premium of $ ________________

☐ I hereby decline to purchase terrorism coverage for certified acts of terrorism. I understand that I will have no coverage for losses resulting from certified acts of terrorism.

Policyholder/Applicant’s Signature

Anne Marie Gaura

Print Name

4-29-16

Date

Insurance Company

Policy Number
POLICYHOLDER DISCLOSURE
NOTICE OF TERRORISM
INSURANCE COVERAGE

You are hereby notified that under the Terrorism Risk Insurance Act, as amended, (the “Act”), you have a right to purchase insurance coverage for losses resulting from acts of terrorism, as defined in Section 102(1) of the Act. The term “act of terrorism” means any act that is certified by the Secretary of the Treasury—in consultation with the Secretary of Homeland Security, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

Coverage under your policy may be affected as follows:

YOU SHOULD KNOW THAT WHERE COVERAGE IS PROVIDED BY THIS POLICY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM, SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THE FORMULA, THE UNITED STATES GOVERNMENT GENERALLY REIMBURSES 85% THROUGH 2015; 84% BEGINNING ON JANUARY 1, 2016; 83% BEGINNING ON JANUARY 1, 2017; 82% BEGINNING ON JANUARY 1, 2018; 81% BEGINNING ON JANUARY 1, 2019 AND 80% BEGINNING ON JANUARY 1, 2020 OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS THAT MAY BE COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

YOU SHOULD ALSO KNOW THAT THE ACT, CONTAINS A $100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS’ LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS $100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED $100 BILLION, YOUR COVERAGE MAY BE REDUCED.

Acceptance or Rejection of Terrorism Insurance Coverage

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<td>I hereby elect to purchase terrorism coverage, subject to the limitations of the Act, for acts of terrorism as defined in the Act, for a prospective premium of $ .50 (Quote No. 522001-1 Option 1).</td>
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<td>I hereby decline to purchase terrorism coverage for certified acts of terrorism. I understand that I will have no coverage for losses resulting from certified acts of terrorism.</td>
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Policyholder/Applicant’s Signature

Nautilus Insurance Company

Insurance Company

Anne Marie Gaura

Print Name

4-30-16

Date

Policy Number

Includes copyright material of the National Association of Insurance Commissioners, used by permission.

TRIPRA 01 (15)
POLICYHOLDER DISCLOSURE OF TERRORISM INSURANCE COVERAGE NOTICE

You are hereby notified that under the Terrorism Risk Insurance Act, as amended, that you have a right to purchase insurance coverage for losses resulting from acts of terrorism, as defined in Section 102(1) of the Act. The term “act of terrorism” means any act that is certified by the Secretary of the Treasury—in concurrence with the Secretary of State, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

YOU SHOULD KNOW THAT WHERE COVERAGE IS PROVIDED BY THIS POLICY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM, SUCH LOSSES MAY BE PARTIALLY REIMBursed BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THE FORMULA, THE UNITED STATES GOVERNMENT GENERALLY REIMBURSES 85% OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILy ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS THAT MAY BE COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

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You have a right to purchase insurance coverage for losses arising from terrorism, as defined in the Act. Unless you elect to purchase the coverage, we will attach exclusion for Acts of Terrorism, as defined in the Act, to your policy.

ACCEPTANCE OR REJECTION OF TERRORISM INSURANCE COVERAGE

YOU HAVE THIRTY (30) DAYS TO CONSIDER THIS OFFER OF COVERAGE FOR ACTS OF TERRORISM, AS DEFINED IN THE ACT. FAILURE TO RETURN THIS SIGNED FORM INDICATING AN ELECTION TO PURCHASE TERRORISM COVERAGE, AS DEFINED IN THE ACT, WILL BE DEEMED YOUR REJECTION OF TERRORISM COVERAGE, AS DEFINED IN THE ACT. Acceptance or Rejection of Terrorism Insurance Coverage

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<th>I hereby elect to purchase terrorism coverage for a prospective premium of $ See you agent.</th>
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</table>

Policyholder/Applicant’s Signature

CITY OF DEKALB & DEKALB TAYLOR

Print Name

May 1, 2016

Date

QBAV-7000 (05-11)

QBE INSURANCE CORPORATION

Insurance Company

QAP0000085

Policy Number

Page 1 of 1
SERVICE AGREEMENT BETWEEN
CITY OF DEKALB AND
CANNON COCHRAN MANAGEMENT SERVICES, INC.

THIS SERVICE AGREEMENT is made and entered into this 1ST day of May, 2016, by and between City of DeKalb (the “Client”), an authorized self-insured entity, and Cannon Cochran Management Services, Inc. (“CCMSI”), a Delaware corporation. It is agreed between the parties hereto as follows:

A. APPOINTMENT OF CCMSI. The Client hereby appoints CCMSI, and CCMSI hereby agrees to serve, as Third Party Administrator (“Administrator”) of the Client’s self-insurance program created and existing under the State of Illinois (“State”) Self-Insurance Regulations.

B. FUNCTIONS OF CCMSI. During the term of this Agreement, the regular functions of CCMSI as the Client’s Administrator shall include the following:

1. Claim Administration.
   (a) Claim Management and Administration. In compliance with its Best Practices, CCMSI will manage and administer all claims of the Client that occur during the period of this Agreement. All claim payments shall be made with Client funds. CCMSI will act on behalf of Client in handling, monitoring, investigating, overseeing and adjusting all such actual and alleged claims.

   (b) Claim Settlement. CCMSI will settle claims of the Client with Client funds in accordance with reasonable limits and guidelines established with the Client.

   (c) Claim Reserves. CCMSI will recommend reserves for unpaid reported claims and unpaid claim expenses.

   (d) Allocated Claim Expenses. CCMSI will pay all Allocated Claim Expenses with Client Funds. Allocated Claim Expenses are charges for services provided in connection with specific claims by persons or firms which are eligible claim expenses under the Client’s program. Notwithstanding the foregoing, Allocated Claim Expenses will include all expenses incurred in connection with the investigation, adjustment, settlement or defense of Client claims, even if such expenses are incurred by CCMSI. Allocated Claim Expenses will include, but not be limited to, charges for:

      1) Independent medical examinations of claimants;

      2) Managed care expenses, which include the services provided by comp mc™, CCMSI’s proprietary managed care program. Examples of managed care expenses includes but is not limited to state fee schedule, PPO net works, utilization review, nurse case management, medical bill audits and medical bill review;

      3) Fraud detection expenses, such as surveillance, which include the services provided by FIRE, CCMSI’s proprietary Special Investigation Unit (SIU), and other related expenses associated with the detection, reporting and prosecution of fraudulent claims, including legal fees;
4) Attorneys, experts and special process servers;

5) Court costs, fees, interest and expenses;

6) Depositions, court reporters and recorded statements;

7) Independent adjusters and appraisers;

8) Index bureau and OFAC (Office of Foreign Assets Control) charges;

9) MMSEA/SCHIP compliance charges;

10) Electronic Data Interchanges, EDI, charges if required by State law;

11) CCMSI personnel, at their customary rate or charge, but only with respect to claims outside the State and only if such customary rate is communicated to the Client prior to incurring such cost;

12) Actual reasonable expenses incurred by CCMSI employees outside the State for meals, travel, and lodging in conjunction with claim management;

13) Police, weather and fire report charges that are related to claims being administered under Client's program;

14) Charges associated with accident reconstruction, cause and origin investigations, etc.;

15) Charges for medical records, personnel documents, and other documents necessary for adjudication of claims under Client’s program;

16) Charges associated with Medicare Set-Aside Allocations; and

17) Other expenses normally recognized as ALAE by industry standards.

(e) **Subrogation.** CCMSI will monitor claims for subrogation

(f) **Provision of Reports.** CCMSI agrees to provide reports to the Client as specified in the Schedule of Reports attached hereto as Exhibit A.

2. **Risk Management Services.** CCMSI will provide the Client with additional Risk Management Services not contemplated in the Agreement upon mutual agreement of the parties. The Schedule of additional Risk Management Services to be provided is attached hereto as Exhibit B.

3. **Loss Control Services.** CCMSI will provide the Client loss control services upon mutual agreement of the parties. The client shall remain fully responsible for the implementation and operation of its own safety programs and for the detection and elimination of any unsafe conditions or practices.
CCMSI assumes no responsibility for the detection, identification, communication, mitigation, or elimination of any unsafe condition or practice associated with the safety program of any client. Further, CCMSI assumes no responsibility for any injury sustained by an employee of the client. The Schedule of Loss Control Services to be provided is attached hereto as Exhibit C.

4. **Managed Care Services.** CCMSI will provide the Client with managed care services (comp 
   
   upon mutual agreement of the parties. The Schedule of Managed Care Services to be provided 
   
   is attached hereto as Exhibit D.

C. **CLIENT RESPONSIBILITIES.** Client agrees to:

1. Report all claims, incidents, reports or correspondence relating to potential claims in a timely manner.

2. Reasonably cooperate in the disposition of all claims.

3. Provide adequate funds to pay all claims and expenses in a timely manner.

4. Respond to reasonable information requests in a timely manner.

5. Provide a complete copy of current excess or other insurance policies, including endorsements and audits, applicable to Client's self-insurance program.

6. Pay any fees or costs charged by any carrier or prior TPA of Client for the conversion of data associated with CCMSI handling run off claims for Client, or for the general transfer of data to CCMSI's operating systems.

7. Promptly pay CCMSI's fees.

D. **OPERATING EXPENSES.** The Client agrees to be responsible for and pay all of its own operating expenses other than service obligations of CCMSI. Such operating expenses shall include but not be limited to charges for the following:

1. All costs associated with Client meeting its State security and licensing requirements;

2. Certified Public Accountants

3. Attorneys, other than provided for in Section B.1. (d) 3) and B.1. (d) 4) of this Agreement;

4. Outside consultants, actuarial services or studies and State audits;

5. Independent payroll audits;

6. Allocated Claims Expenses incurred pursuant to Section B. 1. (d) of this Agreement;
7. All applicable regulatory fees and taxes;

8. Educational and/or promotional material, industry-specific loss control material, customized forms and/or stationery, supplies and extraordinary postage, such as bulk mailing, express mail or messenger service.


10. Excess and other insurance premiums;

11. Costs associated with the development, record keeping and filing of fraud statistics and plans, but only if required by any State or regulatory authority having jurisdiction over Client;

12. Other operating costs as normally incurred by the Client.

E. BOOKS AND RECORDS.

1. (a) CCMSI shall maintain all claim information relating specifically to the Client which is necessary to the performance of CCMSI’s obligations under this Agreement (the “Records”). The Records shall remain at all times the sole property of the Client.

   (b) The Records shall not include any manuals, forms, files and reports, documents, customer lists, rights to solicit renewals, computer records and tapes, financial and strategic data, or information which documents CCMSI’s processes, procedures and methods, or which CCMSI employs to administer programs other than the Client. The items specified in this Paragraph E. 1. (b) shall at all times be and remain the sole and exclusive property of CCMSI, and the Client shall not have any ownership, interest, right to duplicate or right to utilize these items except for the above documentation or information that relates solely to Client’s Program.

2. During the term of this Agreement, CCMSI shall provide the Client with copies of the Records, if so requested by the Client. Any reasonable costs of reproduction of the Records shall be borne by the Client.

3. CCMSI shall make the Records available for inspection by any duly authorized representative of the Client, or any governmental or regulatory authority having jurisdiction over CCMSI or the Client.

F. NON-SOLICITATION OF EMPLOYEES. During the term of the Agreement and for two (2) years thereafter, the Client and CCMSI mutually agree not to recruit, solicit or hire any employee of the other without written permission.

G. OTHER INSURANCE. If CCMSI places any specific or aggregate excess insurance, reinsurance, or other insurance product associated with this Agreement, then customary commissions and fees will be retained by CCMSI.
H. TERM AND TERMINATION.

1. Term of Agreement. The first term of this Agreement shall be for one (1) year beginning on May 1, 2016 and terminating on April 30, 2017. This Agreement terminates upon the conclusion of the term of the agreement unless the parties mutually agree to extend. At least ninety (90) days prior to the expiration of each one (1) year term of this Agreement, the parties shall enter into good-faith negotiations regarding any proposed change in Agreement terms or fees.

2. Termination of Agreement. This Agreement may be terminated:

(a) By mutual agreement of the parties hereto;

(b) Upon expiration of the current term of this Agreement if either party has given the other at least ninety (90) days written notice of its intention to terminate as set forth in paragraph H. 1;

(c) Upon dissolution of the Client’s self-insurance program whether voluntary or due to cessation of Client’s authority to self-insure;

(d) Upon dissolution of the Client’s self-insurance program due to Client insolvency or bankruptcy;

(e) Upon ninety (90) days written notice by either party if the other party is in material breach of any term, covenant or condition contained herein; provided, however, that as a condition precedent to termination under this Section H. 2. (e), the terminating party shall give written notice to the other party, who shall have sixty (60) days from the date of such notice to cure or correct the grounds for termination. If the grounds of termination are not corrected or cured during the sixty (60) day period, this Agreement may be terminated on the termination date specified in the notice, but not prior to the expiration of the ninety (90) day period described herein.

(f) Upon ninety (90) days written notice by either party, for convenience.

3. Services Following Termination of Agreement. Should this Agreement be terminated or non-renewed for any reason, CCMSI will cease providing services, turn over to the Client all Client files in CCMSI’s possession, which shall include all open and closed files.

Upon the Client’s request and subject to agreement by CCMSI, CCMSI will be paid a reasonable negotiated fee to:

(a) Provide for continued administration of the open claim files;

(b) Cooperate with any successor administrator in the orderly transfer of all functions, including providing a runoff listing of open claim files if desired by the Client and any other records reasonable and necessary for a successor administrator; and
(c) Provide an electronic transfer of data, with the cost of providing such borne by the Client. The electronic transfer of data will be subject to a flat fee of $2,500.

I. **SERVICE FEE PAYMENTS.** The Client shall pay to CCMSI a service fee as outlined in the Fee and Payment Schedule attached hereto as Exhibit E.

J. **ARBITRATION.** If an irreconcilable difference of opinion or claim should arise between the Client and CCMSI as the interpreters of any matter relating to this Agreement, such matter will be submitted to mediation or arbitration as the sole remedy available to both parties. Any such mediation or arbitration will take place in the City of DeKalb, Illinois and will be conducted in accordance with the then-current rules of the American Arbitration Association.

K. **RELATIONSHIP OF PARTIES.** With respect to the services provided by CCMSI in this Agreement, CCMSI is considered an independent contractor. Nothing in this Agreement shall be construed to create a relationship of employer/employee, partners or joint ventures between the Client and CCMSI. This Agreement is non-exclusive, and CCMSI shall have the right to perform services on behalf of other individuals, firms, corporations and entities.

L. **INDEMNIFICATION.**

1. **Indemnification by Client.** The Client agrees that it will indemnify and hold harmless CCMSI and CCMSI’s directors, officers, employees, agents, shareholders, subsidiaries and other affiliates from and against any and all claims, losses, liability, costs, damages and reasonable attorney’s fees incurred by CCMSI as a result of breach of this Agreement by the Client, or alleged misconduct, error or omissions by the Client, or by any of the Client’s trustees, directors, officers, employees, agents, shareholders, subsidiaries, or other affiliates in connection with the performance of this Agreement.

2. **Indemnification by CCMSI.** CCMSI agrees that it will indemnify and hold harmless the Client and the Client’s trustees, directors, officers, employees, agents, shareholders, subsidiaries, members, or other affiliates from and against any and all claims, losses, liability, costs, damages and reasonable attorney’s fees incurred by the Client as the result of breach of this Agreement by CCMSI or alleged misconduct, error or omissions by CCMSI, or by any of CCMSI’s directors, officers, employees, agents, shareholders, subsidiaries or other affiliates in connection with the performance of this Agreement.

M. **CHANGE IN CIRCUMSTANCES.** In the event the adoption of any statute, rule or regulation materially changes the nature of the relationship between the parties hereto or the legal or economic premises upon which this Agreement is based, the parties hereto shall undertake good faith negotiations to amend the terms of this Agreement to account for such changes in a reasonable manner.

N. **SOFTWARE ACCESS.** The Client may be provided with the right to use one or more CCMSI Applications in connection with the services provided by CCMSI in this Agreement. CCMSI Applications include iCE, MyReports, Loss Control ASAP, Loss Control Resources and iCEBAR. The
right to use CCMSI Applications is non-exclusive, limited to the term of this Agreement per paragraph H.1., non-transferable and is solely for the internal business use of Client.

CCMSI owns and reserves all rights, title, and interest in and to the CCMSI Applications. Client has no right to receive a copy of the object code or source code to the CCMSI Applications. Client may not attempt to:

1. License, sell, lease or otherwise make the CCMSI Applications available to any other party. Client will not provide any access, passwords or other information regarding the CCMSI Applications to any third parties and/or competitors of CCMSI without the prior written consent of CCMSI;
2. Use the CCMSI Applications in any way that violates any law, regulation or mandate, or the term of this Agreement; or
3. Take any action that jeopardizes confidential or proprietary information held by CCMSI.

Client is responsible for any confidential or proprietary information accessed or downloaded by Client from the CCMSI Applications, including the implementation of appropriate information security controls surrounding such information.

Except as expressly provided in this Agreement, CCMSI Applications are provided "as-is". CCMSI disclaims all other warranties, express, implied, or statutory, including the implied warranties of merchantability, satisfactory quality, title, fitness for a particular purpose, non-infringement, compatibility, security, quiet enjoyment, or accuracy. Without limiting the foregoing, CCMSI does not warrant that access to or use of the CCMSI Applications will be uninterrupted or error-free. CCMSI will provide support for the CCMSI Applications in the two most recent two versions of the Internet Explorer, Chrome, Firefox and Safari browsers.

O. MISCELLANEOUS.

1. **Governing Law.** This Agreement shall be governed by and construed in accordance with the internal laws of the State of Illinois without regard to principles of conflicts of law.

2. **Timing of Services.** CCMSI may exercise its own reasonable judgment, within the parameters set forth herein and in compliance with State regulations, as to the time and manner in which it performs the services required hereunder. Additionally, CCMSI will be held to a standard of like administrators performing like services for customers such as Client.

3. **Successors in Interest.** This Agreement shall be binding upon, and inure to the benefit of, the successors in interest and permitted assigns of the parties hereto.

4. **Severability.** The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if the invalid or unenforceable provision had been revised to the minimum extent necessary to make it valid and fully enforceable under applicable law.

5. **Paragraph Headings.** All paragraph headings in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.
6. **Waiver.** The failure of any party to enforce any provisions of this Agreement shall not constitute a waiver by such party of any provision. A past waiver of a provision by either party shall not constitute a course of conduct or a waiver in the future with respect to that same provision.

7. **Notice Provision.** All notices, requests and other communications required under this Agreement shall be in writing and delivered by hand or mailed, registered or certified, return receipt requested, postage paid, or sent via a nationally recognized overnight courier to the other party at the following address:

   **Client:**
   Patty Hoppenstedt  
   Assistant City Manager  
   City of DeKalb  
   200 South Fourth Street  
   DeKalb, IL 60115  
   815-748-2393  
   patty.hoppenstedt@cityofdekalb.com

   **CCMSI:**
   Cannon Cochran Management Services, Inc.  
   2 E. Main St.  
   Danville, IL 61832  
   Attn: Chief Operating Officer

8. **File Destruction Policy.** CCMSI will maintain electronic claim file records or hard copy files (where applicable) on all closed files on behalf of Client for a period of fifteen (15) years after the month of closure, or for as long as necessary to protect the applicable statute of limitations, whichever is longer. It is the sole responsibility of Client to advise CCMSI if files are not to be destroyed per this policy.

9. **Insurance.** CCMSI will purchase and maintain insurance coverages for its performance of the services contemplated in this Agreement. Minimum policy limits are as follows:

   - Workers Compensation – Statutory
   - Professional - $5,000,000
   - General Liability - $1,000,000 / $2,000,000
   - Umbrella - $5,000,000

10. **Entire Agreement/Amendment.** This Agreement sets forth the full and final understanding of the parties hereto with respect to the matters described herein, and supersedes any and all prior agreements and understandings between them, whether written or oral. This Agreement may be amended only by written document executed by the Client and CCMSI.

11. **Confidential Information.** Confidential Information includes nonpublic information that is exchanged between the Client and CCMSI, including, without limitation, information relating to
the business, financials, personnel, customer data and operating procedures. Confidential Information includes information whether in written, electronic, or oral form created related to services provided under the Agreement. All Confidential Information is proprietary. Client and CCMSI may use the other party's Confidential Information only for the purpose of this Agreement and will limit its disclosure to only those persons reasonably necessary to perform under the Agreement. CCMSI will share nonpersonal bulk claim data with the IDS National Database unless the Client directs otherwise.

12. Information Security. CCMSI is responsible for the protection of the confidentiality, availability, privacy and integrity of Client information in our custody. CCMSI has implemented an Information Security Policy that has been developed to comply with applicable federal and state laws or regulations and industry best practices. The Information Security Policy applies to all CCMSI personnel, including temporary employees, independent contractors and vendors with access to CCMSI systems.

Executed this __ day of ____________, 2014

CANNON COCHRAN MANAGEMENT SERVICES, INC.

By: ____________________________
Rodney J. Golden

Its: Chief Operating Officer/Executive Vice President

CITY OF DEKALB

By: ____________________________

Its: City Manager
EXHIBIT A

SCHEDULE OF REPORTS

1. A detailed listing of all claims broken down by location, policy year and line of coverage. (MONTHLY)

2. A summary of all claims broken down by location, policy year and line of coverage. (MONTHLY)

3. A check register listing all checks issued during a reporting period. (MONTHLY)
EXHIBIT B

SCHEDULE OF RISK MANAGEMENT SERVICES

None to be provided.
EXHIBIT C

SCHEDULE OF LOSS CONTROL SERVICES

CCMSI will provide five (5) days of loss control services to the City of DeKalb.

The fee for the above services is $5,000. Additional services are available at the rate of $125 per hour subject to ¼ day minimum of $500.

Note: Inspections and recommendations made by CCMSI are advisory and designated to assist the Client in the establishment and maintenance of their own safety activities. CCMSI assumes no responsibility for the management or control of these activities, nor for the correction of the conditions pointed out herein.

CCMSI will provide the Client loss control services upon mutual agreement of the parties. The client shall remain fully responsible for the implementation and operation of its own safety programs and for the detection and elimination of any unsafe conditions or practices.

CCMSI assumes no responsibility for the detection, identification, communication, mitigation, or elimination of any unsafe condition or practice associated with the safety program of any client. Further, CCMSI assumes no responsibility for any injury sustained by an employee of the client.
EXHIBIT D

SCHEDULE OF comp mc™ SERVICES AND FEES

<table>
<thead>
<tr>
<th>Service</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Usual and Customary re-pricing</td>
<td>$9.00 per bill</td>
</tr>
<tr>
<td>Fee Schedule state re-pricing</td>
<td>$9.00 per bill</td>
</tr>
<tr>
<td>Medical Bill State Reporting for applicable medical bills to reportable state</td>
<td>$1.50 per reportable bill</td>
</tr>
</tbody>
</table>

PPO Re-pricing

PPO re-pricing is billed at 33% of savings

Pharmacy Network Services

Pharmacy Network services are priced at 33% of savings.
## EXHIBIT E

### FEE AND PAYMENT SCHEDULE

<table>
<thead>
<tr>
<th>Service Agreement Term: 5/1/2016 – 4/30/17 (1 year)</th>
<th>Fees:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Claims Administration (minimum annual)</td>
<td>$17,500*</td>
</tr>
</tbody>
</table>

CCMSI will manage all new workers' compensation claims for the per claim fees as follows:

### Property, Auto and Liability/Newly Reported claims only

<table>
<thead>
<tr>
<th>Line of Coverage</th>
<th>Per claim Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Liability - BI</td>
<td>$725</td>
</tr>
<tr>
<td>General Liability - PD</td>
<td>$475</td>
</tr>
<tr>
<td>Auto Liability - BI</td>
<td>$725</td>
</tr>
<tr>
<td>Auto Liability - PD</td>
<td>$475</td>
</tr>
<tr>
<td>Collision/Comprehensive</td>
<td>$334</td>
</tr>
<tr>
<td>Errors &amp; Omissions</td>
<td>$1275</td>
</tr>
<tr>
<td>Law Enforcement Legal</td>
<td>$1275</td>
</tr>
<tr>
<td>Employment Practices</td>
<td>$1275</td>
</tr>
</tbody>
</table>

Property *** Claims over $100,000

*** Time and Expense @ Current rate per hour

### Other

<table>
<thead>
<tr>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internet Claims Reporting</td>
</tr>
<tr>
<td>800# Reporting (Optional)</td>
</tr>
<tr>
<td>MMSEA SECTION 111 Reporting</td>
</tr>
</tbody>
</table>

**Note:** Any additional charges over the estimated claim fee will be billed at the expiration of the policy term and quarterly thereafter. Take over claims will be billed in a lump sum 30 days after receipt and initial review.

### The flat rate unit prices quoted includes:

- Prompt and courteous customer service
- Timely investigation and determination of liability in accordance with CCMSI Best Practices
- Strict adherence to state and federal statutes and regulations, attendance at hearings, as required.
- Preparation for and compliance with and response to regulatory audits
- Timely payment of all legitimate claims
- Fraud detection and prevention
- Litigation Management

### Carrier Fees:
If applicable, Client will be responsible for payment of any carrier fees associated with the transition of claim handling responsibilities to CCMSI.

(1) These prices do not include those costs typically identified and expense as allocated loss expenses. Please see the attached roster that details those typical allocated loss expense items. (ex. Field investigation & adjusting)

(2) Claim charges are quoted on a per claim, not per occurrence basis

(3) All injury claims will be submitted to CMS for Medicare eligibility
CCMSI / Gould & Lamb, LLC will report all claims meeting the CMS reporting guidelines

Any occurrence resulting in 10 or more claims will be considered a catastrophic claim. All resulting claims will be handled on a time and expense basis. Any claim which falls under the catastrophic definition in the reinsurance contract, e.g., brain damage, death, etc., will also be handled on a time and expense basis.

<table>
<thead>
<tr>
<th>Annual Administration</th>
<th>$1500</th>
</tr>
</thead>
</table>

**Annual Account Management Fee includes:**
- Designated Account Manager
- Preparation and participation in Semi-Annual claims reviews
- Risk Management Information System (RMIS) cost to include: 2 User IDs; Internet access to your adjusters claim files; the ability to email your adjuster and Account Manager; access to our library of template risk management reports together with initial training and ongoing support
- Maintenance of the loss fund account
- Monthly loss runs and loss fund activities reports
- Filing of all required state forms including state mandated assessments
  - If Client has directed CCMSI to utilize a third party vendor selected by Client for the provision of services then such assistance will be the responsibility of the third party vendor
- Reporting to excess/fronting carrier

<table>
<thead>
<tr>
<th>Account Implementation Fee (One Time Charge)</th>
<th>$1000</th>
</tr>
</thead>
</table>

**This fee includes:**
- Management of all aspects of the transition from your current TPA to CCMSI including: travel and meeting participation by your Account Manager in the new account set up process; on site meetings with interested parties at each of your locations; establishment of a loss fund account; construction of your client specific instructions and the orientation of the designated CCMSI employees to the expectations by your Account Manager.

<table>
<thead>
<tr>
<th>Data Conversion</th>
<th>$7,500 Maximum</th>
</tr>
</thead>
</table>

This is the fee associated with consolidating all of historical data into CCMSI's database (in the event this service is of interest). Our cost for this service is $125 an hour and it typically averages 20/30 hours to complete. We would be willing to "cap" the cost of this service at $7,500. This would apply per data source from which we are receiving information. In order to accurately and competitively assess this fee we would need to know:
CITY OF Dekalb LIABILITY - SERVICE AGREEMENT
Page 16 of 16

- The number of data sources
- The experience period data ranges (i.e., 1/1/95 to 12/31/05)
- The total number of claim records to be transferred
- Whether or not all transactional information on closed claims is to be transferred or alternatively if we can transfer closed values only

<table>
<thead>
<tr>
<th>Special System Reports</th>
<th>$125 an hour</th>
</tr>
</thead>
<tbody>
<tr>
<td>CCMSI will provide special reports, (reports not currently programmed or written) for a fee of $125 per hour for system programming time. CCMSI will provide an estimate of charges before any work will be done.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MMSEA Section 111 Reporting</th>
<th>$25/Per Claim Hit</th>
</tr>
</thead>
<tbody>
<tr>
<td>CCMSI in conjunction with our reporting agent will comply with MMSEA Section 111 Reporting on behalf of client.</td>
<td></td>
</tr>
</tbody>
</table>

- All injury claims will be queried to CMS for Medicare eligibility (no charge).
- CCMSI will collect additional mandatory data on claims where Medicare eligibility has been verified. CCMSI along with our reporting agent will report all claims meeting the reporting guidelines as set forth by CMS. (one-time $25 per claim fee)

| Grand Total 1st year cost only            | $20,000         |

Executed this __ day of May, 2016.

CANNON COCHRAN MANAGEMENT SERVICES, INC.

By: [Signature]

Rodney J. Golden

Its: Chief Operating Officer/Executive Vice President

CITY OF DEKALB

By: [Signature]

[Signature]

Its: City Manager
SERVICE AGREEMENT BETWEEN
CITY OF DEKALB AND
CANNON COCHRAN MANAGEMENT SERVICES, INC.

THIS SERVICE AGREEMENT is made and entered into this 1\textsuperscript{st} day of May, 2016, by and between City of DeKalb (the “Client”), an authorized self-insured entity, and Cannon Cochran Management Services, Inc. (“CCMSI”), a Delaware corporation. It is agreed between the parties hereto as follows:

A. **APPOINTMENT OF CCMSI.** The Client hereby appoints CCMSI, and CCMSI hereby agrees to serve, as Third Party Administrator (“Administrator”) of the Client’s self-insurance program created and existing under the State of Illinois (“State”) Self-Insurance Regulations.

B. **FUNCTIONS OF CCMSI.** During the term of this Agreement, the regular functions of CCMSI as the Client’s Administrator shall include the following:

1. **Claim Administration.**

   (a) **Claim Management and Administration.** In compliance with its Best Practices, CCMSI will manage and administer all claims of the Client that occur during the period of this Agreement. All claim payments shall be made with Client funds. CCMSI will act on behalf of Client in handling, monitoring, investigating, overseeing and adjusting all such actual and alleged claims.

   (b) **Claim Settlement.** CCMSI will settle claims of the Client with Client funds in accordance with reasonable limits and guidelines established with the Client.

   (c) **Claim Reserves.** CCMSI will recommend reserves for unpaid reported claims and unpaid claim expenses.

   (d) **Allocated Claim Expenses.** CCMSI will pay all Allocated Claim Expenses with Client Funds. Allocated Claim Expenses are charges for services provided in connection with specific claims by persons or firms which are eligible claim expenses under the Client’s program. Notwithstanding the foregoing, Allocated Claim Expenses will include all expenses incurred in connection with the investigation, adjustment, settlement or defense of Client claims, even if such expenses are incurred by CCMSI. Allocated Claim Expenses will include, but not be limited to, charges for:

   1) Independent medical examinations of claimants;

   2) Managed care expenses, which include the services provided by comp mc™, CCMSI’s proprietary managed care program. Examples of managed care expenses includes but is not limited to state fee schedule, PPO net works, utilization review, nurse case management, medical bill audits and medical bill review;

   3) Fraud detection expenses, such as surveillance, which include the services provided by FIRE, CCMSI’s proprietary Special Investigation Unit (SIU), and other related expenses associated with the detection, reporting and prosecution of fraudulent claims, including legal fees;
4) Attorneys, experts and special process servers;

5) Court costs, fees, interest and expenses;

6) Depositions, court reporters and recorded statements;

7) Independent adjusters and appraisers;

8) Index bureau and OFAC (Office of Foreign Assets Control) charges;

9) MMSEA/SCHIP compliance charges;

10) Electronic Data Interchanges, EDI, charges if required by State law;

11) CCMSI personnel, at their customary rate or charge, but only with respect to claims outside the State and only if such customary rate is communicated to the Client prior to incurring such cost;

12) Actual reasonable expenses incurred by CCMSI employees outside the State for meals, travel, and lodging in conjunction with claim management;

13) Police, weather and fire report charges that are related to claims being administered under Client’s program;

14) Charges associated with accident reconstruction, cause and origin investigations, etc.;

15) Charges for medical records, personnel documents, and other documents necessary for adjudication of claims under Client’s program;

16) Charges associated with Medicare Set-Aside Allocations; and

17) Other expenses normally recognized as ALAE by industry standards.

(e) Subrogation. CCMSI will monitor claims for subrogation

(f) Provision of Reports. CCMSI agrees to provide reports to the Client as specified in the Schedule of Reports attached hereto as Exhibit A.

2. Risk Management Services. CCMSI will provide the Client with additional Risk Management Services not contemplated in the Agreement upon mutual agreement of the parties. The Schedule of additional Risk Management Services to be provided is attached hereto as Exhibit B.

3. Loss Control Services. CCMSI will provide the Client loss control services upon mutual agreement of the parties. The client shall remain fully responsible for the implementation and operation of its own safety programs and for the detection and elimination of any unsafe conditions or practices.
CCMSI assumes no responsibility for the detection, identification, communication, mitigation, or elimination of any unsafe condition or practice associated with the safety program of any client. Further, CCMSI assumes no responsibility for any injury sustained by an employee of the client. The Schedule of Loss Control Services to be provided is attached hereto as Exhibit C.

4. Managed Care Services. CCMSI will provide the Client with managed care services (comp mc™) upon mutual agreement of the parties. The Schedule of Managed Care Services to be provided is attached hereto as Exhibit D.

C. CLIENT RESPONSIBILITIES. Client agrees to:

1. Report all claims, incidents, reports or correspondence relating to potential claims in a timely manner.

2. Reasonably cooperate in the disposition of all claims.

3. Provide adequate funds to pay all claims and expenses in a timely manner.

4. Respond to reasonable information requests in a timely manner.

5. Provide a complete copy of current excess or other insurance policies, including endorsements and audits, applicable to Client's self-insurance program.

6. Pay any fees or costs charged by any carrier or prior TPA of Client for the conversion of data associated with CCMSI handling run off claims for Client, or for the general transfer of data to CCMSI's operating systems.

7. Promptly pay CCMSI's fees.

D. OPERATING EXPENSES. The Client agrees to be responsible for and pay all of its own operating expenses other than service obligations of CCMSI. Such operating expenses shall include but not be limited to charges for the following:

1. All costs associated with Client meeting its State security and licensing requirements;

2. Certified Public Accountants

3. Attorneys, other than provided for in Section B.1. (d) 3) and B.1. (d) 4) of this Agreement;

4. Outside consultants, actuarial services or studies and State audits;

5. Independent payroll audits;

6. Allocated Claims Expenses incurred pursuant to Section B. 1. (d) of this Agreement;
7. All applicable regulatory fees and taxes;

8. Educational and/or promotional material, industry-specific loss control material, customized forms and/or stationery, supplies and extraordinary postage, such as bulk mailing, express mail or messenger service.


10. Excess and other insurance premiums;

11. Costs associated with the development, record keeping and filing of fraud statistics and plans, but only if required by any State or regulatory authority having jurisdiction over Client;

12. Other operating costs as normally incurred by the Client.

E. BOOKS AND RECORDS.

1. (a) CCMSI shall maintain all claim information relating specifically to the Client which is necessary to the performance of CCMSI's obligations under this Agreement (the "Records"). The Records shall remain at all times the sole property of the Client.

   (b) The Records shall not include any manuals, forms, files and reports, documents, customer lists, rights to solicit renewals, computer records and tapes, financial and strategic data, or information which documents CCMSI's processes, procedures and methods, or which CCMSI employs to administer programs other than the Client. The items specified in this Paragraph E. 1. (b) shall at all times be and remain the sole and exclusive property of CCMSI, and the Client shall not have any ownership, interest, right to duplicate or right to utilize these items except for the above documentation or information that relates solely to Client's Program.

2. During the term of this Agreement, CCMSI shall provide the Client with copies of the Records, if so requested by the Client. Any reasonable costs of reproduction of the Records shall be borne by the Client.

3. CCMSI shall make the Records available for inspection by any duly authorized representative of the Client, or any governmental or regulatory authority having jurisdiction over CCMSI or the Client.

F. NON-SOLICITATION OF EMPLOYEES. During the term of the Agreement and for two (2) years thereafter, the Client and CCMSI mutually agree not to recruit, solicit or hire any employee of the other without written permission.

G. OTHER INSURANCE. If CCMSI places any specific or aggregate excess insurance, reinsurance, or other insurance product associated with this Agreement, then customary commissions and fees will be retained by CCMSI.
H. TERM AND TERMINATION.

1. Term of Agreement. The first term of this Agreement shall be for one (1) year and eight (8) months beginning on May 1, 2016 and terminating on December 31, 2017. Unless the Agreement is terminated as set forth in paragraph H. 2., it will automatically renew for successive one (1) year terms. At least ninety (90) days prior to the expiration of each one (1) year term of this Agreement, the parties shall enter into good-faith negotiations regarding any proposed change in Agreement terms or fees. If there are no changes requested by either party, then the Agreement will automatically renew under the same terms and fee arrangement as the prior term.

2. Termination of Agreement. This Agreement may be terminated:

(a) By mutual agreement of the parties hereto;

(b) Upon expiration of the current term of this Agreement if either party has given the other at least ninety (90) days written notice of its intention to terminate as set forth in paragraph H. 1.;

(c) Upon dissolution of the Client's self-insurance program whether voluntary or due to cessation of Client's authority to self-insure;

(d) Upon dissolution of the Client's self-insurance program due to Client insolvency or bankruptcy;

(e) Upon ninety (90) days written notice by either party if the other party is in material breach of any term, covenant or condition contained herein; provided, however, that as a condition precedent to termination under this Section H. 2. (e), the terminating party shall give written notice to the other party, who shall have sixty (60) days from the date of such notice to cure or correct the grounds for termination. If the grounds of termination are not corrected or cured during the sixty (60) day period, this Agreement may be terminated on the termination date specified in the notice, but not prior to the expiration of the ninety (90) day period described herein;

(f) Upon ninety (90) days written notice by either party, for convenience.

3. Services Following Termination of Agreement. Should this Agreement be terminated or non-renewed for any reason, CCMSI will cease providing services, turn over to the Client all Client files in CCMSI's possession, which shall include all open and closed files.

Upon the Client's request and subject to agreement by CCMSI, CCMSI will be paid a reasonable negotiated fee to:

(a) Provide for continued administration of the open claim files;
(b) Cooperate with any successor administrator in the orderly transfer of all functions, including providing a runoff listing of open claim files if desired by the Client and any other records reasonable and necessary for a successor administrator; and

(c) Provide an electronic transfer of data, with the cost of providing such borne by the Client. The electronic transfer of data will be subject to a flat fee of $2,500.

I. SERVICE FEE PAYMENTS. The Client shall pay to CCMSI a service fee as outlined in the Fee and Payment Schedule attached hereto as Exhibit E.

J. ARBITRATION. If an irreconcilable difference of opinion or claim should arise between the Client and CCMSI as the interpreters of any matter relating to this Agreement, such matter will be submitted to mediation or arbitration as the sole remedy available to both parties. Any such mediation or arbitration will take place in the City of DeKalb, Illinois and will be conducted in accordance with the then-current rules of the American Arbitration Association.

K. RELATIONSHIP OF PARTIES. With respect to the services provided by CCMSI in this Agreement, CCMSI is considered an independent contractor. Nothing in this Agreement shall be construed to create a relationship of employer/employee, partners or joint ventures between the Client and CCMSI. This Agreement is non-exclusive, and CCMSI shall have the right to perform services on behalf of other individuals, firms, corporations and entities.

L. INDEMNIFICATION.

1. Indemnification by Client. The Client agrees that it will indemnify and hold harmless CCMSI and CCMSI’s directors, officers, employees, agents, shareholders, subsidiaries and other affiliates from and against any and all claims, losses, liability, costs, damages and reasonable attorney’s fees incurred by CCMSI as a result of breach of this Agreement by the Client, or alleged misconduct, error or omissions by the Client, or by any of the Client’s trustees, directors, officers, employees, agents, shareholders, subsidiaries, or other affiliates in connection with the performance of this Agreement.

2. Indemnification by CCMSI. CCMSI agrees that it will indemnify and hold harmless the Client and the Client’s trustees, directors, officers, employees, agents, shareholders, subsidiaries, members, or other affiliates from and against any and all claims, losses, liability, costs, damages and reasonable attorney’s fees incurred by the Client as the result of breach of this Agreement by CCMSI or alleged misconduct, error or omissions by CCMSI, or by any of CCMSI’s directors, officers, employees, agents, shareholders, subsidiaries or other affiliates in connection with the performance of this Agreement.

M. CHANGE IN CIRCUMSTANCES. In the event the adoption of any statute, rule or regulation materially changes the nature of the relationship between the parties hereto or the legal or economic premises upon which this Agreement is based, the parties hereto shall undertake good faith negotiations to amend the terms of this Agreement to account for such changes in a reasonable manner.
N. **SOFTWARE ACCESS.** The Client may be provided with the right to use one or more CCMSI Applications in connection with the services provided by CCMSI in this Agreement. CCMSI Applications include iCE, MyReports, Loss Control ASAP, Loss Control Resources and iCEBAR. The right to use CCMSI Applications is non-exclusive, limited to the term of this Agreement per paragraph H.1., non-transferable and is solely for the internal business use of Client.

CCMSI owns and reserves all rights, title, and interest in and to the CCMSI Applications. Client has no right to receive a copy of the object code or source code to the CCMSI Applications. Client may not attempt to:

1. License, sell, lease or otherwise make the CCMSI Applications available to any other party. Client will not provide any access, passwords or other information regarding the CCMSI Applications to any third parties and/or competitors of CCMSI without the prior written consent of CCMSI;
2. Use the CCMSI Applications in any way that violates any law, regulation or mandate, or the term of this Agreement; or
3. Take any action that jeopardizes confidential or proprietary information held by CCMSI.

Client is responsible for any confidential or proprietary information accessed or downloaded by Client from the CCMSI Applications, including the implementation of appropriate information security controls surrounding such information.

Except as expressly provided in this Agreement, CCMSI Applications are provided “as-is”. CCMSI disclaims all other warranties, express, implied, or statutory, including the implied warranties of merchantability, satisfactory quality, title, fitness for a particular purpose, non-infringement, compatibility, security, quiet enjoyment, or accuracy. Without limiting the foregoing, CCMSI does not warrant that access to or use of the CCMSI Applications will be uninterrupted or error-free. CCMSI will provide support for the CCMSI Applications in the two most recent two versions of the Internet Explorer, Chrome, Firefox and Safari browsers.

O. **MISCELLANEOUS.**

1. **Governing Law.** This Agreement shall be governed by and construed in accordance with the internal laws of the State of Illinois without regard to principles of conflicts of law.

2. **Timing of Services.** CCMSI may exercise its own reasonable judgment, within the parameters set forth herein and in compliance with State regulations, as to the time and manner in which it performs the services required hereunder. Additionally, CCMSI will be held to a standard of like administrators performing like services for customers such as Client.

3. **Successors in Interest.** This Agreement shall be binding upon, and inure to the benefit of, the successors in interest and permitted assigns of the parties hereto.

4. **Severability.** The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if the invalid or unenforceable provision had been revised to the minimum extent necessary to make it valid and fully enforceable under applicable law.
5. **Paragraph Headings.** All paragraph headings in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

6. **Waiver.** The failure of any party to enforce any provisions of this Agreement shall not constitute a waiver by such party of any provision. A past waiver of a provision by either party shall not constitute a course of conduct or a waiver in the future with respect to that same provision.

7. **Notice Provision.** All notices, requests and other communications required under this Agreement shall be in writing and delivered by hand or mailed, registered or certified, return receipt requested, postage paid, or sent via a nationally recognized overnight courier to the other party at the following address:

   **Client:**
   Patty Hoppenstedt  
   Assistant City Manager  
   City of DeKalb  
   200 South Fourth Street  
   DeKalb, IL 60115  
   815-748-2393  
   patty.hoppenstedt@cityofdekalb.com

   **CCMSI:**  
   Cannon Cochran Management Services, Inc.  
   2 E. Main St.  
   Danville, IL 61832  
   Attn: Chief Operating Officer

8. **File Destruction Policy.** CCMSI will maintain electronic claim file records or hard copy files (where applicable) on all closed files on behalf of Client for a period of fifteen (15) years after the month of closure, or for as long as necessary to protect the applicable statute of limitations, whichever is longer. It is the sole responsibility of Client to advise CCMSI if files are not to be destroyed per this policy.

9. **Insurance.** CCMSI will purchase and maintain insurance coverages for its performance of the services contemplated in this Agreement. Minimum policy limits are as follows:

   Workers Compensation – Statutory  
   Professional - $5,000,000  
   General Liability - $1,000,000 / $2,000,000  
   Umbrella - $5,000,000

10. **Entire Agreement/Amendment.** This Agreement sets forth the full and final understanding of the parties hereto with respect to the matters described herein, and supersedes any and all prior agreements and understandings between them, whether written or oral. This Agreement may be amended only by written document executed by the Client and CCMSI.
11. Confidential Information. Confidential Information includes nonpublic information that is exchanged between the Client and CCMSI, including, without limitation, information relating to the business, financials, personnel, customer data and operating procedures. Confidential Information includes information whether in written, electronic, or oral form created related to services provide under the Agreement. All Confidential Information is proprietary. Client and CCMSI may use the other party’s Confidential Information only for the purpose of this Agreement and will limit its disclosure to only those persons reasonably necessary to perform under the Agreement. CCMSI will share nonpersonal bulk claim data with the IDS National Database unless the Client directs otherwise.

12. Information Security. CCMSI is responsible for the protection of the confidentiality, availability, privacy and integrity of Client information in our custody. CCMSI has implemented an Information Security Policy that has been developed to comply with applicable federal and state laws or regulations and industry best practices. The Information Security Policy applies to all CCMSI personnel, including temporary employees, independent contractors and vendors with access to CCMSI systems.

Executed this 17 day of May, 2016

CANNON COCHRAN MANAGEMENT SERVICES, INC.

By: [Signature]

Rodney J. Golden

Its: Chief Operating Officer/Executive Vice President

CITY OF DEKALB

By: [Signature]

Its: City Manager
EXHIBIT A

SCHEDULE OF REPORTS

1. A detailed listing of all claims broken down by location, policy year and line of coverage. (MONTHLY)

2. A summary of all claims broken down by location, policy year and line of coverage. (MONTHLY)

3. A check register listing all checks issued during a reporting period. (MONTHLY)
EXHIBIT B

SCHEDULE OF RISK MANAGEMENT SERVICES

None to be provided.
EXHIBIT C

SCHEDULE OF LOSS CONTROL SERVICES

CCMSI will provide five (5) days of loss control services to the City of DeKalb.

The fee for the above services is $5,000. Additional services are available at the rate of $125 per hour subject to ½ day minimum of $500.

Note: Inspections and recommendations made by CCMSI are advisory and designated to assist the Client in the establishment and maintenance of their own safety activities. CCMSI assumes no responsibility for the management or control of these activities, nor for the correction of the conditions pointed out herein.

CCMSI will provide the Client loss control services upon mutual agreement of the parties. The client shall remain fully responsible for the implementation and operation of its own safety programs and for the detection and elimination of any unsafe conditions or practices.

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**Pharmacy Network Services**

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EXHIBIT E

FEE AND PAYMENT SCHEDULE

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<tbody>
<tr>
<td><strong>Services:</strong></td>
</tr>
<tr>
<td>Claims Administration (minimum annual ) 5/1/2016-4/30/2017</td>
</tr>
<tr>
<td>Claims Administration (minimum annual ) 8 months 5/1/2017-12/31/2017</td>
</tr>
</tbody>
</table>

CCMSI will manage all new workers' compensation claims for life of contract for the per claim fees as follows:

<table>
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<tr>
<th>Workers Compensation/Newly Reported claims only</th>
</tr>
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<tbody>
<tr>
<td><strong>Line of Coverage</strong></td>
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<tr>
<td>WC- Indemnity Claims</td>
</tr>
<tr>
<td>WC - Medical Only Claims</td>
</tr>
<tr>
<td>WC – Incident Only Claims</td>
</tr>
<tr>
<td><strong>Other</strong></td>
</tr>
<tr>
<td>Internet Claims Reporting</td>
</tr>
<tr>
<td>800# Reporting (Optional)</td>
</tr>
<tr>
<td>MMSEA SECTION 111 Reporting See Below</td>
</tr>
</tbody>
</table>

*Note:* Any additional charges over the estimated claim fee will be billed at the expiration of the policy term and quarterly thereafter.

**The flat rate unit prices quoted includes:**
- Prompt and courteous customer service
- Timely investigation and determination of liability in accordance with CCMSI Best Practices
- Strict adherence to state and federal statutes and regulations, attendance at hearings, as required.
- Preparation for and compliance with and response to regulatory audits
- Timely payment of all legitimate claims
- Fraud detection and prevention
- Litigation Management
- Quarterly Claim Reviews

**Carrier Fees:**
If applicable, Client will be responsible for payment of any carrier fees associated with the transition of claim handling responsibilities to CCMSI.

(1) These prices do not include those costs typically identified and expense as allocated loss expenses. Please see the attached roster that details those typical allocated loss expense items. (ex. Field investigation & adjusting)
(2) Claim charges are quoted on a per claim, not per occurrence basis

(3) All injury claims will be submitted to CMS for Medicare eligibility. CCMSI / Gould & Lamb, LLC will report all claims meeting the CMS reporting guidelines.

Any occurrence resulting in 10 or more claims will be considered a catastrophic claim. All resulting claims will be handled on a time and expense basis. Any claim which falls under the catastrophic definition in the reinsurance contract, e.g., brain damage, death, etc., will also be handled on a time and expense basis.

**Workers’ Compensation Claim Definitions**

- **Indemnity Claims** – Claims involving lost-time, questionable compensability, legal involvement, subrogation, second injury fund, probable permanent impairment/disability, jurisdictional issues, coverage issues or claims involving complex issues that are assigned or transferred to the indemnity adjuster for claims handling.

- **Medical Only Claims** – Claims which have no issues of lost time, no evidence of other indemnity benefit exposure, no obvious question of compensability, no evidence of potential subrogation or second injury fund recovery, no evidence of problematic medical issues and no requirement or need for any formal statements.

- **Report Only/Incident Only Claims** – Reported claims which require only input into RMIS system and requires no claims management activity.

<table>
<thead>
<tr>
<th>Annual Administration</th>
<th>Included</th>
</tr>
</thead>
</table>

**Annual Account Management Fee includes:**

- Designated Account Manager
- Preparation and participation in quarterly claim reviews
- Risk Management Information System (ICE) cost to include: 2 User IDs; Internet access to your adjusters claim files; the ability to email your adjuster and Account Manager; access to our library of template risk management reports together with initial training and ongoing support
- Maintenance of the loss fund account
- Monthly loss runs and loss fund activities reports
- Filing of all required state forms including state mandated assessments
  - If Client has directed CCMSI to utilize a third party vendor selected by Client for the provision of services then such assistance will be the responsibility of the third party vendor
- Reporting to excess/fronting carrier
| Loss Control Services          | 5 Days 5/1/16-4/30/17 | $5,000 |
| Loss Control Services         | 3 Days 5/1/17-12/31/17 | $3,000 |

CCMSI will provide five (5) days of loss control services to the City of DeKalb.

The fee for the above services is $5,000. Additional services are available at the rate of $125 per hour subject to 1/2 day minimum of $500.

**Note:** Inspections and recommendations made by CCMSI are advisory and designated to assist the Client in the establishment and maintenance of their own safety activities. CCMSI assumes no responsibility for the management or control of these activities, nor for the correction of the conditions pointed out herein.

### Provider Bill Re-pricing

<table>
<thead>
<tr>
<th>Service</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Usual and Customary re-pricing</td>
<td>$9.00 per bill</td>
</tr>
<tr>
<td>Fee Schedule state re-pricing</td>
<td>$9.00 per bill</td>
</tr>
<tr>
<td>Medical Bill State Reporting</td>
<td>$1.50 per reportable bill</td>
</tr>
<tr>
<td>applicable medical bills to reportable state</td>
<td></td>
</tr>
</tbody>
</table>

### PPO Re-pricing

PPO re-pricing is billed at 33% of savings

### Pharmacy Network Services

Pharmacy Network services are priced at 33% of savings.

### Special System Reports

CCMSI will provide special reports, (reports not currently programmed or written) for a fee of $125 per hour for system programming time. CCMSI will provide an estimate of charges before any work will be done.

### MMSEA Section 111 Reporting

CCMSI in conjunction with our reporting agent will comply with MMSEA Section 111 Reporting on behalf of client.

- All injury claims will be queried to CMS for Medicare eligibility (no charge).
- CCMSI will collect additional mandatory data on claims where Medicare eligibility has been verified. CCMSI along with our reporting agent will report all claims meeting the reporting guidelines as set forth by CMS. (one-time $25 per claim fee)

### $125 an hour

**$25/Per Claim Hit**
<table>
<thead>
<tr>
<th>Grand Total</th>
<th>5/1/2016-4/30/2017</th>
<th>$30,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grand Total</td>
<td>5/1/2017-12/31/2017</td>
<td>$19,667</td>
</tr>
</tbody>
</table>

The quarterly installments of $7,500 will be due on May 2016, August 2016, November 2016 and February 2017.

The quarterly installments of $7,375.13 will be due on May 2017, August 2017 and the amount of $4,916.74 will be due on November 2017.

Executed this 17th day of May, 2016.

CANNON COCHRAN MANAGEMENT SERVICES, INC.
By: [Signature]

Its: Chief Operating Officer/Executive Vice President

CITY OF DEKALB
By: [Signature]

Its: City Manager