

**CLAIMS SERVICE AGREEMENT**  
**A-07-224-12-11**

THIS CLAIMS SERVICE AGREEMENT (“Agreement”) is made and entered into effective as of the 1st day of January 2008, by and between **TRISTAR Risk Management**, a California corporation, hereinafter referred to as “TRISTAR,” and Hidalgo County, Texas, a political subdivision of the State of Texas, hereinafter referred to as “Client.”

In consideration of the mutual covenants and promises of the parties, TRISTAR hereby agrees to furnish to Client, and Client hereby agrees to receive from TRISTAR, those certain claims handling services identified in this Agreement, all on the terms and conditions set forth herein:

**ARTICLE 1 – TERM**

1.1 The initial term of this Agreement shall commence on January 1, 2008, and shall remain in effect continuously until December 31, 2008, unless terminated in accordance with the provisions of Article 10 of this Agreement. In addition, the Parties may renew the Agreement on an annual basis for two (2) additional one (1) year terms. The Agreement shall renew automatically upon the expiration of the preceding one (1) year term unless one of the Parties gives the other Party written notice of its desire not to renew the Agreement for an additional one (1) year term at least ninety (90) days prior to the expiration of the current term.

**ARTICLE 2 – DEFINITIONS**

As used herein and in the performance of services by TRISTAR for Client, the following terms shall have the meanings described below:

2.1 Adjust or Adjustment: The process of handling and disposing of claims involving injury, death damage or loss, in accordance and consistent with generally accepted claims handling standards.

2.2 Administrative Agency: Any state federal or local governmental agency which supervises or regulates the handling of claims, including, but not limited to, industrial commissions, workers’ compensation offices, bureaus, commissions, and state insurance departments and boards.

2.3 Allocated Loss Expenses:

A. Except as provided in Subsection 2.3B below, those expenses arising out of or connected with the handling and disposition of claims by TRISTAR including, but not limited to:

1. Fees of attorneys, selection and engagement of attorneys shall be approved by Hidalgo County Commissioners’ Court (Client), for claims in suit and

for representation at hearings including TDI/DWC Board representative, pretrial conferences or subrogation;

Law Firms

Thornton, Biechlin, Segrato, Reynolds, & Guerra

Dean Pappas & Associates

Law Office of Ricky Green

2. Fees of court reporters;
3. Court costs, court fees and court expenses;
4. Costs of services of process;
5. Costs of undercover operative and detective services;
6. Costs of employing experts for the preparation of maps, professional photographs, and accounting, chemical or physical analysis;
7. Costs of employing experts for advice opinions, or testimony concerning claims under investigation or in litigation or for which a declaratory judgment is sought;
8. Costs of independent medical examinations and/or evaluations for rehabilitation and/or to determine the extent of Client's liability;
9. Costs of legal transcripts of testimony taken at coroner's inquests, criminal proceedings, or civil proceedings;
10. Costs of copies of public records and/or medical reports;
11. Costs of depositions and court-reported and/or recorded statements;
12. Costs of engineers, handwriting experts and/or any other type of expert used in the preparation of litigation and/or used on a one-time basis to resolve disputes;
13. Fees paid to witnesses and corresponding travel expenses;
14. Costs of photographs and photocopy services;
15. Costs of appraisals;
16. Vocational Rehabilitation, Medical Case Management and Utilization Review;
17. Medical Bill Review services; E-billing

18. Preferred Provider Organization fees or other similar cost containment network programs;
  19. Electronic Index Bureau filing fees;
  20. Interest paid as a result of litigation;
  21. State-mandated electronic data interchange (EDI) costs.
- B. "Allocated Loss Expenses" shall not include (i) any of the fees, costs, or expenses that are included in the claims service fees payable to TRISTAR by Client as agreed to herein or (ii) any payment of fees, costs, or expenses for actual medical or hospital treatment involving a claimant.
- 2.4 Authority Limit: That sum of money set forth in this Agreement for which TRISTAR shall have full and sole discretion and authority to adjust and make payments on behalf of Client.
- 2.5 Claim: A single exposure of liability involving actual or potential injury, death, loss or damage reported by Client to TRISTAR which might result in any payment being made on behalf of Client and for which TRISTAR establishes a claim file, with the following qualifiers:
- A. Indemnity Claim: Each separate claim where a reserve is established in the indemnity category based on possible exposure, regardless of whether or not any indemnity payment is ultimately made.
  - B. Medical-Only Claim: Each separate claim where an indemnity reserve is never established, but a medical reserve is established based on possible exposure.
  - C. Incident Report: A claim where no reserve of any kind is established.
  - D. Claim Suffixes: The identifying suffix for individual claims arising out of an accident, event or occurrence, e.g., bodily injury, property damages.
  - E. Multiple Claim Suffixes: Those suffixes, used when separate types of claims arise out of the same occurrence or event.
- 2.6 Claim Adjustment File: Documentation of the claim adjustment process arising from any single incident involving one or more claimants and containing the relevant activity records, including written records of notices, investigations, evaluations, and payments.
- 2.7 Incident Date: The date of an event as reported by Client or as later revised by TRISTAR as the more appropriate date of occurrence.

- 2.8 Report Date of Claim: The date when TRISTAR first establishes the Claim Adjustment File.
- 2.9 Reserve: The monetary evaluation by TRISTAR of the estimated financial exposure of Client with respect to a claim.
- 2.10 Services: Those services described in Article 3 of this Agreement and Exhibit A hereto (which Exhibit is incorporated herein by reference) that are furnished by TRISTAR to Client in accordance with the terms of this Agreement, the applicable insurance policy, or in compliance with the laws of any state having jurisdiction over the claim.
- 2.11 Third Party: Any person, firm, partnership, corporation or other legal entity except TRISTAR, TRISTAR's employees, Client, Client's employees, or any other person claiming or eligible to claim workers' compensation benefits from Client or insurers of Client.

### **ARTICLE 3 – REPORTING OF CLAIMS; SERVICES PROVIDED**

- 3.1 Reporting by Client: Client agrees that during the term of this Agreement Client will report all claims, including all incident reports, to TRISTAR. Client further agrees that it shall not administer any new claims or forward or assign notice of new claims to any claims administrator or person other than TRISTAR. TRISTAR shall have the right to review the books and records of Client for the purpose of verifying the total number and types of claims of Client. Any such review and verification shall be conducted by TRISTAR personnel.
- 3.2 Claims Adjustment Services: TRISTAR shall provide to and on behalf of Client the following claims adjustment services:
- A. Review Client's claims and loss reports for losses occurring during the term of this Agreement;
  - B. Establish an incident or suspense file for any circumstance or event where no injury or property damage has been reported or is being claimed (or where it is anticipated that no injury or property damage will be reported or claimed);
  - C. Establish and reserve a file for each claim and code such claim in accordance with TRISTAR's standard statistical data requirements;
  - D. Conduct an investigation of each claim and document the claim file in accordance with the standards that have been agreed upon and are attached to this Agreement as Exhibit A to this Agreement. The claim file will be available for review by Client on a reasonable basis;

- E. Perform all administrative and clerical work in connection with qualified claims, including the preparation of checks drawn on the loss fund established pursuant to this Agreement;
  - F. Respond immediately to any inquiry, complaint or request received from an Administrative Agency, Client, the Claimant, a broker or agent, or other interested party.
  - G. Process each claim in accordance with rules, regulations, and laws of the State of Texas.
  - H. Monitor the treatment programs recommended for Claimants by physicians, specialists and other health care providers, by reviewing reports prepared by such providers and by performing investigative activities as may be appropriate.
  - I. Utilize cost containment methods available to Client, by referring bills to computerized bill review, and by employing medical case management specialists. Payment by Client for these services is in addition to payment of claims service fees to TRISTAR.
  - J. Adjust, resist, and/or settle claims in accordance with authority levels granted by Client to TRISTAR in Exhibit A to this Agreement.
  - K. Pay all claims and Allocated Loss Expenses in accordance with the authority granted by Client and applicable statutes or regulations.
  - L. Maintain finalized claim files in accordance with Exhibit A to this Agreement. Process each claim in accordance with the terms, conditions, and requirements of the applicable excess loss policy of insurance.
- 3.3 Claims Fund: TRISTAR shall make payment of claims and Allocated Loss Expenses from a claims payment account funded by Client (as provided for in Article 5 of this Agreement).
- 3.4 Requirements of Administrative Agencies: TRISTAR shall file, on a timely basis on behalf of Client, such forms and reports as may be required by any Administrative Agency.
- 3.5 1099 Filings: TRISTAR shall collect, process, and report data in the manner prescribed by the Internal Revenue Service for the purpose of preparing Client's 1099 Miscellaneous Income filing with respect to the claims payments which are the subject of this Agreement.

#### **ARTICLE 4 – PAYMENT OF CLAIMS; DISCRETIONARY AUTHORITY**

- 4.1 Claims Payments: TRISTAR shall have the authority to make payments on any claim handled by TRISTAR pursuant to this Agreement.
- 4.2 Allocated Loss Expenses: TRISTAR shall have the authority to pay, on behalf of Client, any claims- related services falling within the definition of Allocated Loss Expenses.
- 4.3 Authority Limit: TRISTAR shall make no single payment in excess of its authority limit indicated in Exhibit A to this Agreement, without the approval of Client.
- 4.4 Discretion: TRISTAR shall have the full and sole discretion to finally adjust or settle any claim in an amount equal to or less than the authority limit indicated in Exhibit A to this Agreement without supervision or direction from Client, and such adjustment or settlement shall be binding upon Client.
- 4.5 Reservation of Rights: TRISTAR reserves the right, on any particular claim, to disregard the authority granted in this Article 4 and treat said claim as requiring Client's approval prior to final disposition. Client reserves the right, on any particular claim, and upon written notice to TRISTAR, to revoke the authority granted in this Article 4 and treat such claim as requiring Client's approval prior to final disposition.

#### **ARTICLE 5 – CLAIMS FUND**

- 5.1 Draft Authority and Issuance: To facilitate the payment of claims and Allocated Loss Expenses, the parties agree to the use of a claims fund account (the "Account") established on behalf of the Client. TRISTAR shall have the authority to draw upon the Account solely for the payment of Client's claims. The Client, upon written notice, can revoke such authority at any time. TRISTAR agrees to manage and conserve the claims fund on behalf of the Client. Any Gross Receipt Tax or Sales Tax imposed by governmental entities, in those states where levied, shall be in addition to the claims service fees. Client will not be responsible for any banking charge. However, TRISTAR may use the interest on the funds to offset any applicable banking charges, to the extent it has insured that banking institution has complied with Articles 5.3 and 5.4.
- 5.2 Funding the Account: Client agrees to make funds available at all times for the prompt payment of claims. The Client, will fund the Account, to an amount equal to two (2) months estimated paid losses based on an average of the last three months actual paid losses. The current calculated amount for two (2) months' average is \$325,000.00. The Client will maintain the claims fund at a level of \$325,000.00 for the first quarter of 2008. The Client will re-calculate this amount on a quarterly basis. Thereafter, the Client will replenish the claims fund on a monthly basis to the pre-determined amount. To that end, TRISTAR shall provide to Client a monthly check register identifying all loss payments and allocated expense payments and will provide a quarterly analysis, as may be needed, to assist the Client in budgeting funding needs. Notwithstanding these provisions, Client also agrees to immediately prefund separately any special or large payments that may be due and wherein proper support for it is provided by TRISTAR.

5.3 Pledge of Securities: Except to the extent payment of demand deposit balances are guaranteed by the Federal Deposit Insurance Corporation, all County demand deposits will be secured and guaranteed by a pledge to County of marketable securities of the type, nature and quality (i) authorized and allowed by, and within the time period required by, V.T.C.A., Local Government Code, Chapters 116 and 117, as may be amended from time to time, (ii) approved in advance by the County Judge, and (iii) allowed by County's Investment Policy (hereinafter referred to as "Securities"). The Securities shall be deposited with the correspondent Bank. At any given time, all Securities pledged shall have a total market value determined by the County to be at least equal to 110% of the uninsured aggregate demand deposit balance.

5.4 Bank shall provide County monthly, a list of the Securities pledged against the demand deposit accounts and the market value of the Securities based on the relevant market.

If Bank shall desire to sell or otherwise dispose of any one or more of said securities so kept in safekeeping, it may substitute for any one or more of such securities other securities of the same market value and of the character authorized herein with the County's approval.

Said securities pledged shall be held by the correspondent Bank until the termination of the Agreement, and until Bank's successor has been duly and legally appointed and qualified, or until this Agreement has been removed and extended by mutual consent between Bank and the County, but in no event later than fifteen (15) days after the deposits have been removed, whereupon, if Bank has complied in full with, and is not in default under, the Agreement, the correspondent Bank shall deliver to bank all pledged securities.

5.5 TRISTAR shall establish and maintain a sufficient audit trail so as to allow, the auditor appointed by Client to audit the claims fund account at all times.

TRISTAR agrees to return any excess funds to Client and to return the balance of the claims fund account to Client when there are no longer any claims payments to be made from the fund.

## **ARTICLE 6 – PROPRIETARY INTEREST**

6.1 Ownership of Systems: All systems created or utilized by TRISTAR in the performance of activities under this Agreement shall belong to, and shall remain the property of, TRISTAR, and Client shall have no ownership interest therein. The term "systems" as used herein shall include, but shall not be limited to, computer programs, computer equipment, formats, risk data report formats, procedures, documentation and internal reports of TRISTAR, but such term shall not include claims adjustment files.

6.2 Ownership of Files: TRISTAR shall be entitled to full and complete possession of all files and materials prepared by TRISTAR in the course of investigating or administering any claim under this Agreement, until this Agreement is canceled and all outstanding

sums due to TRISTAR are paid by Client. After termination of this Agreement and the payment of all fees due to TRISTAR, Client shall be entitled to return of Client's files after TRISTAR has made a copy of such files.

- 6.3 Protection of Data: TRISTAR shall make reasonable efforts to ensure the availability of the computer loss data and the operation of the computer hardware. In the event of damage to or malfunction of the computer hardware, TRISTAR will use reasonable efforts to obtain replacement alternative computer hardware to restore service to an acceptable level in a timely manner. In the event that computer loss data is not available for use by the computer system utilized by TRISTAR, TRISTAR will attempt to reconstruct or recover such unavailable data from computer data files stored at remote locations and from source records, in order to restore service to an acceptable level in a timely manner.
- 6.4 Privacy of Data: TRISTAR will make reasonable efforts to maintain the confidentiality of the data supplied to and used by TRISTAR in the performance of this Agreement. TRISTAR will not disclose such data or the contents of the corresponding data files without the consent of Client. Notwithstanding the foregoing, Client agrees that TRISTAR shall have the right to use such data for the purpose of preparing and disseminating analytical reports inclusive of the cumulative data of TRISTAR clients, provided such use in no way specifically identifies Client, or its operations or expenses.

#### **ARTICLE 7 – INDEPENDENT CONTRACTOR; AGENCY; SUBCONTRACTING**

- 7.1 TRISTAR shall at all times be an independent contractor with respect to Client, and employees of TRISTAR shall in no event be considered employees of Client. Except as expressly provided for in this Agreement, no agency relationship between TRISTAR and Client shall exist as a result of the execution of this Agreement or the performance by TRISTAR hereunder. TRISTAR reserves the right to assign performance of activities under this Agreement to any of its personnel and TRISTAR further reserves the right, at TRISTAR's own expense, to subcontract to third parties part or all of TRISTAR's duties under this Agreement

#### **ARTICLE 8 – INDEMNIFICATION**

- 8.1 Indemnification by TRISTAR: TRISTAR agrees to indemnify Client for all damages which Client may become liable to pay as a result of any court judgment to the extent that such judgment of liability for payment of damages results from or is based on any negligent or willful act or omission of TRISTAR or any agent, servant, employee, representative, director, officer, shareholder, owner, successor, or assign of TRISTAR, and arising out of or incidental to the performance of any operation, activity, or obligation by TRISTAR under this Agreement. TRISTAR further agrees to indemnify Client for any and all reasonable and necessary costs, expenses, and legal fees incurred by Client in defending any lawsuit, claim, or cause of action that results in a judgment for damages for which TRISTAR has agreed to indemnify Client.

- 8.2 Indemnification by Client: Client agrees to the extent allowed by law to indemnify TRISTAR for all damages which TRISTAR may become liable to pay as a result of any court judgment to the extent that such judgment of liability for payment of damages results from or is based on any negligent or willful act or omission of Client or any agent, servant, employee, representative, or trustee of Client, and arising out of or incidental to the performance of any operation, activity, or obligation by Client under this Agreement. Client further agrees to the extent allowed by law indemnify TRISTAR for any and all reasonable and necessary costs, expenses, and legal fees incurred by TRISTAR in defending any lawsuit, claim, or cause of action that results in a judgment for damages for which Client has agreed to indemnify TRISTAR. TRISTAR acknowledges that Client's obligation to indemnify TRISTAR for any damages under this Agreement is limited to the maximum amount of damages for which Client may be liable under the Texas Tort Claims Act, or any other applicable law, statute, or regulation.
- 8.3 Insurance Coverage: TRISTAR agrees to maintain General Liability, Automobile Liability, Workers' Compensation, Fidelity Bond and Professional Liability Coverage. TRISTAR shall submit certificates evidencing proof of said insurance to Client upon written request.

#### **ARTICLE 9 – COMPENSATION**

- 9.1 Exhibit A: Except as otherwise provided in this Agreement, Client shall compensate TRISTAR in accordance with the terms of Exhibit A to this Agreement.
- 9.2 Separate Claims Fund: The compensation payable to TRISTAR under this Article 9 shall in no way include or affect the separate payment obligations of Client as respects the claims fund described in Article 5 of this Agreement or the direct payment for other services rendered by TRISTAR.
- 9.3 Payment Terms: Client shall pay TRISTAR an annual service fee of One Hundred Eighty Thousand Dollars (\$180,000). Client shall pay this annual fee in 12 monthly installments of Fifteenth Thousand Dollars (\$15,000) each. Payment will be made upon receipt of a monthly invoice with an initial payment due within thirty (30) days of contract inception, and monthly thereafter.
- 9.4 Billing Disputes: Client shall have thirty (30) days from its receipt of any billing to dispute any bill, or portion of a bill, submitted by TRISTAR. Should Client fail to dispute a billing within the prescribed period of time, the billing shall be deemed correct.

#### **ARTICLE 10 – TERMINATION**

- 10.1 Notice Required: In the event of a breach of this Agreement by one of the parties hereto, the other party may terminate this Agreement by providing the breaching party with at least sixty (60) days prior written notice.

10.2 Effect of Termination: In the event this Agreement is terminated under Section 10.1, then any and all claims and unresolved recovery activities pending on the date of termination shall, at Client's option, either:

- A. Continue to be handled by TRISTAR until the expiration of the period in which Client has paid the claims service fees, and thereafter on a time-and-expense basis at TRISTAR's prevailing hourly rate and expense method of billing when time and expenses are incurred, or
- B. Thereafter be assumed and handled by Client or delegated by Client to some third party, provided, however, that TRISTAR shall be entitled to all fees earned or incurred prior to the effective date of termination without offset or reduction, and one hundred percent (100%) of the administrative fee will be fully earned.

Client shall inform TRISTAR in writing, prior to the termination date of the contract, of the selected option. Should Client fail to inform TRISTAR or should agreement not be reached between TRISTAR and Client for the continued handling of the open claims, then TRISTAR, on the termination date, shall suspend all activity on Client's files, and TRISTAR thereafter shall have no responsibility for the disposition of such matters.

10.3 Termination by TRISTAR: In addition to all other rights and remedies available to TRISTAR under this Agreement and at law, TRISTAR may cancel this Agreement and discontinue claims adjustment services immediately upon notice to Client if:

- A. Client fails to maintain sufficient balances in the Account to properly and adequately fund daily maintenance and indemnity needs, as well as settlement of claims and Allocated Loss Expenses; Client acknowledges and agrees that at no time shall TRISTAR be liable or obligated to make any payments of any type or character on behalf of Client out of TRISTAR's own funds;
- B. Client dissolves, liquidates a substantial part or all of its business, or is the subject of a voluntary or involuntary bankruptcy proceeding or other reorganization;
- C. Client threatens insolvency or has a receiver or trustee appointed on its behalf; or
- D. Client is acquired by merger with any other entity, unless this Agreement is assumed in writing by the other entity and such assumption is agreed to by TRISTAR.

## **ARTICLE 11 – CONDITIONS AND LIMITATIONS**

11.1 No Financial Responsibility: TRISTAR does not act as an insurer for Client, and this Agreement shall not be continued as an insurance policy or any contract or agreement of indemnity, it being specifically understood that TRISTAR is in no event financially responsible for payment of satisfaction of claims, lawsuits, or cause of action against Client. The establishment by TRISTAR of any claims account to pay claims pursuant to

Article 5 of this Agreement shall not be considered an undertaking by TRISTAR to be financially responsible for payments of funds into any such account.

- 11.2 Cooperation by Client: TRISTAR's responsibility for the performance of activities as specified in Article 3 of this Agreement and Exhibit A to this Agreement is conditioned upon Client's cooperation with TRISTAR in all reasonable matters with respect to the activities of TRISTAR including, but not limited to, (i) responding to TRISTAR's requests for information promptly, (ii) meeting with TRISTAR and third parties as may be necessary or appropriate, (iii) making decisions on matters which, as required by this Agreement or, in the professional opinion of TRISTAR, should be made by Client, (iv) paying funds into the claims fund established pursuant to Article 5 of this Agreement, as required by the terms of such Article, and (v) performing all of Client's other obligations pursuant to this Agreement.
- 11.3 No Practice of Law: The services to be provided by TRISTAR are not of a legal nature, and TRISTAR shall in no event give, or be required to give, any legal opinion or provide any legal representation to Client, nor may any communication prepared by TRISTAR be relied upon by Client as a legal opinion or interpretation. TRISTAR shall in no event be considered as engaged in the practice of law. TRISTAR may, but is under no duty to, recommend counsel to Client. At all times, Client has full and sole discretion to select legal representation and counsel of its own choosing, and any selection of such representation by counsel shall be by separate agreement between Client and such counsel.
- 11.4 Hiring of Employees: Client agrees that during the term of, and for a period of two (2) years after the termination of this Agreement, it will not, without prior written consent of TRISTAR, hire any employee of TRISTAR or its affiliate who was assigned to, or performed, any service for Client in connection with this Agreement.
- 11.5 Limitation on Reports: With respect to the services provided by TRISTAR under this Agreement, any reports rendered to Client may be relied upon only to the extent of the express purpose of such reports, as such purpose may be from time to time set forth in writing by TRISTAR.
- 11.6 Activities Covered: This Agreement applies only to the activities expressly referred to herein and shall not include any other relationship TRISTAR may have with Client involving insured or self-insurance programs.
- 11.7 Review and Verification of TRISTAR Records: Client shall have the right to review the records of TRISTAR to verify the matters covered by this Agreement. Any such review and verification shall be conducted in a manner so as not to unnecessarily interfere with the business of TRISTAR. Cost of attendance by TRISTAR at meetings at which such reviews are conducted, upon request by Client, is not included in the claims service fees payable by Client to TRISTAR.
- 11.8 Direct Claims Handling: Client has the right to take over the handling of any claim and to direct the handling of any claim at any time during the term of this Agreement and the

life of the claim. Client also retains the right to take over the handling of all claims at its discretion, provided, however, that there shall be no reduction in the claims service fees payable by Client to TRISTAR and no reduction in the Allocated Loss Expenses incurred by TRISTAR with respect to such claims.

- 11.9 Assignment: Neither this Agreement nor any rights hereunder shall be assigned by either party without the prior written consent of the other party first having been obtained.
- 11.10 Non-Solicitation: Client shall not offer employment to any TRISTAR employee, and Client agrees not to employ any TRISTAR employee for a period of at least twelve (12) months following termination of such individual's employment with TRISTAR. Any violation of this clause shall result in immediate payment of one and one-half times the annual salary of the employee or employees involved by Client to TRISTAR, such payment to be due and payable within ten (10) days of discovery of such breach of this Agreement.
- 11.11 Governing Law: This Agreement shall be governed by and construed in accordance with the laws of the State of Texas. An adjudication by a court of competent jurisdiction that invalidates one part of this Agreement shall not invalidate any other part hereof.
- 11.12 Order of Precedence: In the event of any conflict or ambiguity between the terms and provisions of this Agreement and any exhibit attached hereto, the terms and provisions of the exhibit shall govern.
- 11.13 Entire Agreement; Amendment; Inurement; Counterparts: This Agreement constitutes the entire understanding and agreement between the parties hereto, and supercedes all prior and contemporaneous agreements or understanding, written or oral, of the parties hereto. This Agreement may be amended only in writing executed by both parties. No waiver of one or more provisions of this Agreement shall constitute waiver of any other provision hereof. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original.
- 11.14 No Waiver: Nothing in this Agreement shall be construed to mean that either party has waived any rights to seek a legal or equitable remedy for a breach of this Agreement by the other party.
- 11.15 Notice: Notices to be given pursuant to this Agreement shall be in writing, and shall be deemed to have been duly given (i) when personally delivered or (ii) if mailed, by United States First Class mail, postage prepaid, five (5) days after deposit in the mail. Notices shall be delivered or mailed to the following addresses:

If to Client:

Hidalgo County Purchasing Department  
New Administration Building

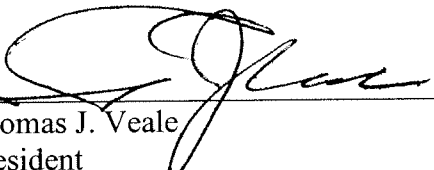
2812 S, Highway 281  
Edingburg, TX 78539  
Attention: Martha Salazar

If to TRISTAR:

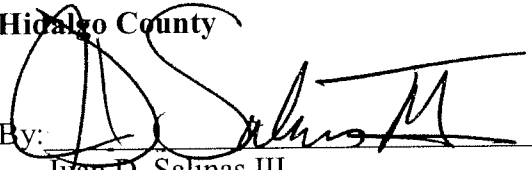
TRISTAR Risk Management  
100 Oceangate, Suite 700  
Long Beach, CA 90802  
Attention: Thomas J. Veale

IN WITNESS WHEREOF, the parties have executed this Claims Service Agreement effective as of the day and year first above written.

**TRISTAR Risk Management**


By:   
Thomas J. Veale  
President

**Hidalgo County**

By:   
Juan D. Salinas III  
County Judge

Date: \_\_\_\_\_


**ATTEST**

By:   
Arturo Guajardo Jr.  
Count Clerk

Date: 01-15-08

APPROVED by Commissioners Court on 12-11-07

Approved by Atlas & Hall LLP.:

By:   
Stephen L. Crain

Date: 12-21-2007

## EXHIBIT A

This exhibit is part of that certain Claims Service Agreement, effective January 1, 2008, between TRISTAR Risk Management, hereinafter referred to as "TRISTAR," and Hidalgo County, hereinafter referred to as "Client," and is applicable to service period as otherwise agreed to.

<b>SERVICES:</b>	
<b>Claims Administration</b>	<b>Flat Annual Claims Administration Fee</b>
<b>Workers Compensation</b>	\$180,000.00 per year. The annual Administration Fee will provide for services under this Claim Service Agreement for the term of the Agreement or any renewal period as per Article 1.
Field Services/Investigation On-site	\$ 375 per assignment
Medical Case Management	\$60.00 per hour.
Utilization Review	At costs
Medical Bill Audits	At costs
Networks	25% of Savings Out of network PPO 12% of Savings In network PPO
Vocational Case Management	\$65.00 per hour.
Non-Legal Personnel attending DWC Hearings	\$ 375 per BRC
Attorney Services	At costs
Run-Off Costs	Tail claims shall be handled for the life of this Agreement
RMIS System and Services – Annual Administration Fee	Included
On-line computer Services	Included
Subrogation for Workers' Compensation	Included

### Discretionary Settlement Authority

The above pricing contemplates TRISTAR being granted a discretionary settlement authority level of Five Thousand Dollars (\$5000), pursuant to Article II, Section 2.4 of the Agreement.

### Material Changes

Client agrees to review with TRISTAR, and adjust as appropriate, the fee charges shown above if, within the contract period, changes in Client's business take place which materially change the scope of service contemplated at contract inception.

Client also agrees to review with TRISTAR, and adjust as appropriate the fee charges shown above if, within the contract period, governmental laws or regulations go into effect which materially increase the work required on the part of TRISTAR which was not contemplated at contract inception.

Adjuster Reports

The pricing above contemplates no required adjuster reporting within the discretionary authority levels granted to TRISTAR. The pricing also contemplates that Client shall be on line with TRISTAR's computer system and will glean required information from the adjuster's electronic notes to the file. Any special reporting requirements of Client will be handled on a time-and-expense basis at TRISTAR's then prevailing time-and- expense method of billing.

Claims Reporting/Loss Runs


TRISTAR will store Client's reported claims data electronically to consist of claim file date, payment record date, and adjuster's notes for as long as open claims exist in the contracted year of service and Client renews with TRISTAR for the current contract year. Should Client not renew with TRISTAR, only open claims that TRISTAR is required to handle shall remain in electronic storage. Any other storage, reload of data, or special requests to be handled on an agreed-price basis.

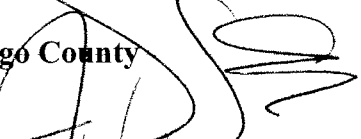
TRISTAR will provide Client with software to allow Client to interface with TRISTAR's computer system using Client's personal computer and modem, with Client bearing all telephone charges. Interface will allow Client to view claims payment records and adjuster notes.

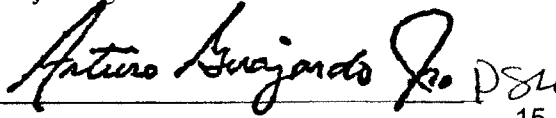
TRISTAR will provide Client a report showing the states of each claim assigned, the total reserved amount, the total payments made, and the unspent reserves on each claim. In addition, TRISTAR will furnish a single set of loss analysis reports at no additional cost, along with a checks-issued register. The information will be furnished either on diskette or printed copy as per agreement with Client. TRISTAR shall make all normal efforts and take reasonable measures to forward such report to Client by the 25th date of the following month.

Any additional data manipulation requests or analysis reports requested by Client will be furnished in accordance with TRISTAR's ability to produce the report in a reasonable time period at an additional charge in accordance with TRISTAR's published report schedules or if special programming is required, on an agreed-cost basis in advance of preparation and delivery of the report.

**TRISTAR Risk Management**

By:   
Thomas J. Veale  
President

**Hidalgo County**  
By:   
Juan D. Salinas  
County Judge

  
Arturo Guajardo, Jr.  
Hidalgo County Clerk

**EXHIBIT A**  
**REQUIREMENTS**

**HIDALGO COUNTY**  
**REQUEST FOR PROPOSALS/QUALIFICATIONS**

**"Quality Claims Administration Services For  
Workers' Compensation"**

**OVERVIEW:**

Hidalgo County is requesting "Proposals with Qualifications" from qualified "Quality Claims Administration Firm(s)" for "Workers' Compensation." Hidalgo County is seeking to enter into a "Quality Claims Administration Services Contract(s) with a state-registered "Quality Claims Administration Firm(s)." Hidalgo County Purchasing Department will receive sealed envelopes for the provision of "**Quality Claims Administration Services For Workers' Compensation"- Request for Proposals/Qualifications** as specified herein. Statements of qualifications will be accepted until **9:30 A.M., Wednesday, November 14, 2007.** **ANY RFP/Q RECEIVED AFTER THAT DATE AND TIME WILL NOT BE ACCEPTED AND WILL BE RETURNED UNOPENED.**

Deliver Submittal to:

RFP/Q NO: 2007-224-11-14-VYG  
Martha L. Salazar, CPPB, Purchasing Agent  
Hidalgo County Purchasing Department  
Administration Building  
2812 S. Hwy. 281  
Hidalgo County New Administration Building  
Edinburg, Texas 78539

**The Submittal Envelope Must Show the RFP/Q Number, Name and Acceptance Date.**

The following outlines the Request For Proposals/Qualifications:

**SECTION I- GENERAL TERMS AND CONDITIONS**

**ADDITIONAL INFORMATION:**

Hidalgo County is requesting that statements of qualifications be routed to Martha L. Salazar, CPPB, Purchasing Agent, at 2812 S. Hwy. 281, Hidalgo County New Administration Building, Edinburg, Texas 78539. **WRITTEN QUESTIONS WILL BE ACCEPTED VIA FACSIMILE BY NO LATER THAN** Wednesday, November 7, 2007 at 5:00 P.M. at (956) 292-7612. Responses will be sent to all applicants via facsimile by Friday, November 9, 2007. **TELEPHONE INQUIRIES WILL NOT BE ACCEPTED.**

**PROPOSER'S AFFIDAVIT:**

Respondents to this RFP/Q must submit a signed Proposer's Affidavit (attached herein in Exhibit "D") certifying that the submission is (1) not the result of Collusion as described in the Proposer's Affidavit; (2) that the Respondent does not have a Conflict of Interest as described in the Proposer's Affidavit; or that the Respondent has not and will not attempt to lobby directly or indirectly as described in the Proposer's Affidavit.

**DISCLOSURE OF CONFLICT OF INTEREST:**

Effective January 1, 2006, Chapter 176 of the Texas Local Government Code requires that any vendor, person, consultant or contractor considering doing business with Hidalgo County ("the County") to disclose in the Conflict of Interest Questionnaire (the CIQ") attached as **Exhibit D,** vendor, person, consultant or contractor's affiliation or business relationship that might cause a conflict of interest with the County. By law, the CIQ must be filed with the Hidalgo County Clerk's Office no later than the seventh business day after the date the person becomes aware of facts that require that statement to be filed. The disclosure requirement applies to a person or business who contracts or seeks to contract with Hidalgo County for the sale or purchase of property, goods or service. Any purchase order or contract resulting from this process shall be considered null and void if the

successful participant fails to comply with Texas Local Government Code Chapter 176. Vendors, consultants, contractors and others who desire to conduct business with Hidalgo County are encouraged to refer to Texas Local Government Code Chapter 176 for the details of this law. An offense under Texas Local Government Code Chapter 176 is a Class C Misdemeanor.

Please Submit completed CIQ forms to the Hidalgo County Clerk's Office located at 100 N. Closner, Edinburg, Texas 78539-Hidalgo County Courthouse. **COMPLETION AND SUBMISSION OF FORM CIQ IS THE SOLE RESPONSIBILITY OF THE PROPESECTIVE BIDDER.**

**NON-DISCRIMINATION:**

Submitters, during the performance of this contract, will not discriminate against any employee or applicant for employment because of race, religion, sex, national origin or disability except where religion, sex, national origin or disability is a bona fide occupational qualification reasonably necessary to the normal operation of the contractor.

**PROCESSING TIME FOR PAYMENT:**

Submitters are advised that a minimum of thirty (30) days is required to process invoices for payment.

**ELECTRONIC TRANSMISSION OF BIDS:**

Hidalgo County's Purchasing Department will not accept telegraphic or electronically transmitted submissions.

**PROOF OF FINANCIAL AND BUSINESS CAPABILITY:**

Submitters must, upon request, furnish satisfactory evidence of their ability to furnish products or services in accordance with the terms and conditions of these requirements. Hidalgo County will make the final determination as to the submitter's ability.

**SUBMITTER DEFAULT:**

Hidalgo County reserves the right, in case of submitter default, to procure the articles or services from other sources and hold the defaulting submitter responsible for any excess costs occasioned thereby.

**RESTRICTIVE OR AMBIGUOUS REQUIREMENTS:**

It is the responsibility of the submitter to review the Request for Proposals/Qualifications (RFP/Q) packet and to notify the Purchasing Department if the requirements are formulated in a manner that would unnecessarily restrict competition. Any such protest or question regarding the requirements or bidding procedures must be received in the Purchasing Department not less than seventy-two hours prior to the time set for the opening. These criteria also apply to requirements that are ambiguous.

**RFP/Q DELIVERY:**

Hidalgo County requires submitters, when hand delivering qualifications, to have a Purchasing Department representative time/date stamp and initial the envelope when dropping RFP/Q off.

**SIGNING OF QUALIFICATIONS:**

In order to be considered all submittals **must** be signed. **Please sign the original in blue ink.**

**WAIVING OF INFORMALITIES:**

Hidalgo County reserves the right to waive minor informalities or technicalities when it is in the best interest of Hidalgo County.

**SUBCONTRACTING:**

The successful submitter may not subcontract the award without the written consent of the Commissioners' Court of Hidalgo County.

**CONTRACT TERM:**

- a) **Initial Term:** Effective date is from **January 1, 2008 to January 1, 2009;**
- b) **Renewals & Extensions:** It shall be at the County's sole discretion to renew and extend for an additional two (2), one (1) year renewals/extensions are to be provided to Hidalgo County for consideration by no later than, **October 1, 2008** for the first renewal/extension and no later than **October 9, 2009** for the second renewal/extension.

**DAVIS BACON ACT:**

All selected and awarded firms are required to include the Davis-Bacon Act when advertising and developing specifications. (if applicable)

**SECTION II-RFP/Q -REQUIREMENTS**

**REQUEST FOR PROPOSALS/QUALIFICATIONS:**

The required contents and limitations for the preparation of the RFP/Q are described in this section. Failure to provide the requested information or adhere to any County limitations will result in disqualification of the submitted RFP/Q. A total of **one (1) original and ten (10) copies** of the RFP/Q shall be submitted to the address on the cover letter.

**CONTENTS:**

The required contents for the RFP/Q are presented below in the order they should be incorporated into the submitted document.

**UNDERSTANDING OF THE PROJECT:**

This section should demonstrate the submitter's understanding of the project needs, the work required, and any local issues or concerns. This description should be concise, candid, and limited to 3 pages in length.

**FIRM QUALIFICATIONS:**

- Hidalgo County is soliciting to contract with a qualified firms(s) to perform professional quality claims administration for Hidalgo County's Self-Funded Workers' Compensation Program. Please refer to, and fill out, RFP/Q Form, Attachment "A" (Pages 8-13) for qualifications information.

**SCOPE OF SERVICES-CLAIMS ADMINISTRATION AND SUPPORT SERVICES:**

- A. Each Proposer must provide the following proposal:
  - Hidalgo County, all entities
  
- B. Each Proposer must supply a list of all potential servicing personnel with a current resume of each adjuster who would handle or would in any way be involved in the handling of County claims. Any additional personnel to be involved in County claims handling at a later date must have resume submitted for prior consultation with the County, with any subsequent proposal for personnel to follow guidelines as provided herein. Resumes should include a summary of education, experience, licenses, and languages spoken/written, see Attachment A.

As part of proposal price, Hidalgo County requires the ability to view case notes and create unlimited custom reports on-line via TPA website. Training should be included in costs. However, each Proposal shall include samples of the types of statistical data and loss reports to be provided monthly, to including, but not limited to:

- a.) A monthly summary of the workers' compensation checking account (check register), listing all checks, vouchers, voided checks, in numerical sequence, stating date issued, claim number, claimant name, payee, amount, type of benefit paid, and benefit period. This report must be presented to Risk Management no later than the 5th day of each month.
- b.) Bi-weekly Replenishment Report for funding of the Workers Compensation payment fund.
- c.) Loss runs available by any date selection, sorted by several fields (i.e., name, date, type of injury, body part, etc.)
- d.) Proposer will prepare and submit IRS Form 1099 for all vendors and mail the forms to vendors. Proposer will prepare and submit Form 1099 data in a magnetic tape format no later than January 15th of each year to County.
- e.) Proposer will be available for claims reporting on a 24-hour basis.
- f.) Any duplicate payments or overpayments made due to Proposer's oversight or negligence shall be the responsibility of the Proposer; Proposer will reimburse County for same, within 30 days. In addition, Proposer will provide County an overpayment report by type, reason, payee and by fiscal year on a quarterly and annual basis.
- g.) Proposer will provide a captioned report to the Risk Management when reserves on any claim reach 50% of County's retention, and Proposer will notify appropriate insurance carriers.
- h.) Proposer will cooperate with any medical cost containment, case management, risk management, investigations, law firm or any other organization designated by County.
  1. Proposer will meet with the County's Risk Management and Legal Department as follows:
    - Monthly to review the status and or handling of up to 25 claims selected by the County.
    - Quarterly to review all open claims and any other matters at the discretion of the County.
  2. Proposer will respond to any request by the County within 24 hours from time a request is made.
  3. The agreement will include an indemnify provision to protect the County against errors or omissions committed by the TPA. The provision should also specify that the Proposer agrees to hold the County harmless and to indemnify the County for all arising out of any claims alleging an error or omission with respect to the services performed by the Proposer.
  4. The selected Proposer will be subject to periodic claims audits by internal County Staff and/or independent firm at the discretion of the County.
  5. Provide description of the on-line computer claims service and attach a sample copy of an on-line illustration or exhibit through printouts of the applicable screens County personnel would see.

- i.) County **requires** Proposer to have a local office (within 40 miles of County Administration Building, Edinburg, Texas), to administer all County claims under this contract. Proposer shall provide address of office location with Proposal submission.

**PERSONNEL AND STAFFING:**

The firm should provide an organizational chart for the project and a summary paragraph of the project work to be performed by each proposed staff member. Biographic summaries that highlight the experience relevant to the specific project responsibilities should be provided for all proposed personnel. There is a one (1) page limitation for each biographic summary provided.

**REQUIRED CERTIFICATIONS AND SUBMITTAL:**

This section will contain any licenses and certifications as required by the State of Texas, Hidalgo County. All qualified quality claims administrators are required to furnish a certification or acknowledgment stating that the quality claims administrator(s) is/are free from suspension or debarment pursuant to federal regulation 45CRF76. Certification form is included in this packet and must be completed and submitted as part of the response on the RFP/Q. The quality claims administrator(s) should add copies of its/their Professional Liability Insurance as well as all other applicable insurances as required by Hidalgo County and as detailed in Exhibit "C" contained herein.

**PROPOSERS ARE TO PROVIDE A FEE SCHEDULE WITH THIS SUBMITTAL:**

Proposer is to provide a fee proposal based on the scope of work/services.

**NUMBER OF COPIES TO BE SUBMITTED:**

Hidalgo County requires one (1) original submittal and ten (10) copies.

**PART III-SELECTION AND SCHEDULES**

**SELECTION/EVALUATION PROCESS:**

Hidalgo County will conduct a comprehensive evaluation of all Proposal/Qualification's received in response to this RFP/Q. Hidalgo County will establish a Scoring/Grading Committee comprised of staff members to perform such evaluation. Each RFP/Q received will be analyzed to determine overall responsiveness and qualifications under the RFP/Q; further, the Scoring/Grading Committee and/or Commissioners' Court may select proposing organizations for "in person" presentation, including proposed adjuster(s). Criteria to be evaluated, not necessarily in order of priority, may include the items listed below. Final approval of a selected Proposer is subject to the action of County Commissioners Court.

- A.) Economic evaluation of the Proposed Fee Schedule; rates to be submitted during negotiation's phase. **20 Points**
- B.) Responsiveness to the Request For Proposal/Qualifications **20 Points**
  - 1. Requested information included and thoroughness of response.
  - 2. Understanding and acceptance of the scope of services.
  - 3. Acceptance of the RFP/Q and Contract Requirements.
  - 4. Clarity and conciseness of the response.
- C.) Proposer's capability to provide the services requested and information contained in Attachment "A". **60 Points**

1. Background of Proposer and support personnel, including professional qualifications.
2. Relevant experience of the Proposer.
3. Specific experience with public entity clients.
4. Other resources, including the total number of employees, number and location of offices.
5. References and experience in the Texas Public Sector.

Hidalgo County may accept, within the time specified herein, any RFP/Q in whole for in part, whether or not there are negotiations subsequent to it's receipt. If subsequent negotiations are conducted, they shall not constitute a rejection or alternate RFP/Q on the part of Hidalgo County.

The Contract will be awarded to the respondent whose Proposal will b most advantageous to County, s determined by the evaluation factor's listed herein and by the recommendation of the Scoring/Grading Committee with approval of Hidalgo County Commissioners' Court.

**NEGOTIATION PROCESS:**

The number one ranked firm will be contacted to submit a draft contract for negotiation. If negotiations prove unsuccessful, the next highest ranked company will be contacted. The Count of Hidalgo reserves the right to reject any and all RFP/Q's.

**TERMINATION OF SERVICES:**

Any contract awarded to a successful submitter will be in effect until (a) the contract expires, (b) delivery and acceptance of the performance of services ordered, or (c) terminated by County with thirty day's written notice prior to cancellation.

**RFP/Q SUBMITTED TO:** An original and ten (10) copies of RFP/Q's should be submitted to:

Martha L. Salazar, Purchasing Agent  
Hidalgo County Purchasing Department  
2812 S. Hwy. 281  
Hidalgo County New Administration Building  
Edinburg, Texas 78539

RFP/Qs must be submitted by **no later than 9:30 a.m. on Wednesday, November 14, 2007.**

## ADDITIONAL SPECIFICATIONS/REQUIREMENTS

### Hidalgo County, Texas

#### REQUEST FOR PROPOSALS/QUALIFICATIONS FOR QUALITY CLAIMS ADMINISTRATION SERVICES FOR WORKERS' COMPENSATION

**I. INTRODUCTION:**

Hidalgo County (hereinafter referred to as "County") is Requesting For Proposals/Qualifications (RFP/Q) from organizations (firms) (hereinafter referred to as "Proposers") qualified to perform professional claims administration services for Hidalgo County's Self-Funded Workers' Compensation Program. The scope of the work will encompass all aspects of County operations and requires extensive knowledge and experience with workers' compensation coverage. The information provided in the Request For Proposal/Qualifications (RFP/Q) in the areas of "Quality Claims Administration Services".

**II. GENERAL BACKGROUND:**

Hidalgo County is seeking a new contract for its "Quality Claims Administration Services For its Workers' Compensation Program. COUNTY's designated representative during the RFP/Q process shall be COUNTY's Purchasing Agent, Martha L. Salazar, Hidalgo County Purchasing Department, Edinburg, Texas.

The COUNTY's fiscal year is from January 1, 2008 to December 31, 2008.

**III. CONTRACT TERM:**

- a) **Initial Term:** Effective date is from **January 1, 2008 to January 1, 2009;**
- b) **Renewals & Extensions:** It shall be at the County's sole discretion to renew and extend for an additional two (2), one (1) year renewals/extensions at the same rates and under the same terms and conditions. Two (2), one year renewal/extensions are to be provided to Hidalgo County for consideration by no later than, **October 1, 2008** for the first renewal/extension and no later than **October 1, 2009** for the second renewal/extension.

**IV. FIRM QUALIFICATIONS:**

Hidalgo County is seeking to contract with a qualified firm(s) to perform professional claims administration for Hidalgo County's Self-Funded Workers' Compensation Program. Please refer to, and fill out, RFP/Q Form, Attachment "A" (Pages 8-13) for qualifications information.

**V. SCOPE OF SERVICES-CLAIMS ADMINISTRATION AND SUPPORT SERVICES:**

- A. Each FIRM must provide the following proposal:
  - Hidalgo County, all entities
- B. Each FIRM must supply a list of all potential servicing personnel with a current resume of each adjuster who would handle or would in any way be involved in the handling of County claims. Any additional personnel to be involved in County claims handling at a later date must have resume submitted for prior consultation with the County, with any subsequent proposal for personnel to

follow guidelines as provided herein. Resumes should include a summary of education, experience, licenses, and languages spoken/written, see Attachment A.

- C. As part of proposal price, Hidalgo County requires the ability to view case notes and create unlimited custom reports on-line via TPA website. Training should be included in costs. However, each Proposal shall include samples of the types of statistical data and loss reports to be provided monthly, to including, but not limited to:
- 1.) A monthly summary of the workers' compensation checking account (check register), listing all checks, vouchers, voided checks, in numerical sequence, stating date issued, claim number, claimant name, payee, amount, type of benefit paid, and benefit period. This report must be presented to Risk Management no later than the 5th day of each month.
  - 2.) Bi-weekly Replenishment Report for funding of the Workers Compensation payment fund.
  - 3.) Loss runs available by any date selection, sorted by several fields (i.e., name, date, type of injury, body part, etc.)
- D.) FIRM will prepare and submit IRS Form 1099 for all vendors and mail the forms to vendors. FIRM will prepare and submit Form 1099 data in a magnetic tape format no later than January 15th of each year to County.
- E.) FIRM will be available for claims reporting on a 24-hour basis.
- F.) Any duplicate payments or overpayments made due to FIRM's oversight or negligence shall be the responsibility of the FIRM; FIRM will reimburse County for same, within 30 days. In addition, FIRM will provide County an overpayment report by type, reason, payee and by fiscal year on a quarterly and annual basis.
- G.) FIRM will provide a captioned report to the Risk Management when reserves on any claim reach 50% of County's retention, and FIRM will notify appropriate insurance carriers.
- H.) FIRM will cooperate with any medical cost containment, case management, risk management, investigations, law firm or any other organization designated by County.
1. FIRM will meet with the County's Risk Management and Legal Department as follows:
    - Monthly to review the status and or handling of up to 25 claims selected by the County.
    - Quarterly to review all open claims and any other matters at the discretion of the County.
  2. FIRM will respond to any request by the County within 24 hours from time a request is made.
  3. The agreement will include an indemnify provision to protect the County against errors or omissions committed by the FIRM. The provision should

also specify that the FIRM agrees to hold the County harmless and to indemnify the County for all arising out of any claims alleging an error or omission with respect to the services performed by the FIRM.

4. The selected FIRM will be subject to periodic claims audits by internal County Staff and/or independent firm at the discretion of the County.
5. Provide description of the on-line computer claims service and attach a sample copy of an on-line illustration or exhibit through printouts of the applicable screens County personnel would see.

- I.) County **requires** FIRM to have a local office (within 40 miles of County Administration Building, Edinburg, Texas), to administer all County claims under this contract. FIRM shall provide address of office location with RFP/Q submission.

## VI. **RFP/Q PROPOSALS:**

The FIRM'S completed RFP/Q pages in Attachment "A" of this RFP/Q are the main source of evaluation. Along with the RFP/Q pages, RFP/Qs should include a description of additional claims and support services and/or risk management services that FIRM offers and wants to propose in a written presentation form. All FIRM(S) are encouraged to include any other information that they feel will enhance their opportunities to be awarded a Contract.

An RFP/Q from a FIRM for Claims Administration Services should include the following:

- A. The location of FIRM'S local office(s) and hours staffed, number of professional staff members, attorneys, claims adjusters, etc. (Refer to FEE SCHEDULE Notes). Provide the names of principal owners, partners or officers.
- B. HIDALGO COUNTY would like RFP/Qs to indicate who is primarily responsible for the management and supervision of the HIDALGO COUNTY account. This individual should be at least an account manager level (whose duties are primarily the supervision of claims files). The account manager and the names of any adjusters and/or examiners assigned to the handling of HIDALGO COUNTY files should also be included with an indication of length of service and area of expertise.
- C. Advise as to the average and maximum number of files claims adjusters and/or examining personnel must handle at the local office assigned to handle HIDALGO COUNTY'S claims.
- D. Advise as to whether or not the designated claims personnel on HIDALGO COUNTY'S account will also be involved in on-site investigation and other outside claims adjusting functions. If so, provide some detail as to when and who would perform these outside functions and the time frame expected.
- E. Advise how frequently your diary system allows claims supervisory personnel to review open claims.
- F. Describe if you have a formal program for managing lawsuits and litigation expense.
- G. Advise if you use a formal claims procedure and performance manual and, if so, provide a sample.

- H. Advise if you use a stanedard forms other than state forms used in FIRM claim process, and if so, please provide copies.
- I. The attached FEE SCHEDULE shall abe utilized, during the negotiation process, to provide a fixed cost per claim as well as a flat rate cost for Worker's Compensation, identifying separate rates for report only, medical only and indemnity. Questions found below the Fee Schedule table must be answered.
- J. Specify whether or not fees will include your firm performing all of the necessary and required State filings.
- K. Indicate the type sof allocated claims expenses which are not included in yur per claim cost.
- L. Claim Payment Funding Procedure: FIRM prints checks on checks from SCH account and all recors for IRS filings are to be maintained and issued by FIRM on table income.
- M. Include a list of from five (5) to seven (7) local and Texas public entity references. Along with our references, include a list that is representative of your clients. References will be contacted as part of the evaluation process.

**VII. PROPOSALS:**

The Firm's completed RFP/Q pages in Attachment "A" of this RFP/Q are the main source of evaluation for the RFP/Q. Request For Proposals/Qualifications should include a description of additional claims and support services and/or risk management services that Firm offers and wants to propose in a written presentation form. All Firms are encouraged to include any other information that they feel will enhance their opportunities to be awarded a Contract.

The RFP/Q for Claims Administration should include the following:

- A. The location of your offices and hours staffed, number of professional staff members, attorneys, claims adjusters, etc. Provide the names of principal owners, partners or officers.
- B. COUNTY would like RFP/Q to indicate who is primarily responsible for the management and supervision of COUNTY account. This individual should be at least an account manager level (whose duties are primarily the supervision of claim files). The account manager and the names of any adjusters and/or examiners assigned to the handling of COUNTY files should also be included with an indication of length of service and area of expertise.
- C. Advise as to the average and maximum number of files claims adjusters and/or examining personnel must handle at the office assigned to handle COUNTY's claims.
- D. Advise as to whether or not the designated claims personnel on COUNTY's account will also be involved in on-site investigation and other outside claims adjusting functions. If so, provide some detail as to when and who would perform these outside functions and the time frame expected.
- E. Advise how frequently your diary system allows claims supervisory personnel to review open claims.

- F. Describe if you have a formal program for managing lawsuits and litigation expense.
- G. Do you use a formal claims procedure and performance manual and, if so, provide a sample.
- H. Do you use standard forms other than state forms used in Firm's claim process? (if so, you may be asked to provide copies.)
- I. Provide a fixed cost per claim as well as a flat rate cost for:
  - Workers' Compensation (identify separate rates for report only, medical only and indemnity)
  - Provide a not-to-exceed maximum annual fee for any and all workers' compensation and liability claims. COUNTY will entertain splitting workers comp. Vendor should separate pricing accordingly.
- J. Specify whether or not fees include your firm performing all of the necessary and required State filings.
- K. ***"Indicate the types of allocated claims expenses which are not included in your per claim cost."***
- L. Claim Payment Funding Procedure: Firm prints Checks on checks from an ACH account and all records for IRS filings are to be maintained and issued by Firm on taxable income.
- M. Include a list of local and Texas public entity references. Along with your references, include a list that is representative of your clients. References will be contacted as part of the evaluation process.

**VIII. PREPARATION OF RFP/Q:**

- A. FIRM is expected to examine this Request For Proposal/Qualifications carefully, understand the terms and conditions for providing the pertinent services, and respond completely. Failure to respond completely may result in disqualification.
- B. Failure to respond to all portions of this RFP/Q may result in the FIRM'S response being deemed non-responsive. If HIDALGO COUNTY deems an RFP/Q non-responsive, it will be disqualified. An officer or principal of the FIRM must sign RFP/Qs, however, an agent may sign RFP/Qs if the signature is accompanied by written evidence of authority.
- C. All RFP/Qs should include the FIRM'S federal tax number (Refer to W-9 Form provided).

**IX. SELECTION PROCESS:**

COUNTY will conduct a comprehensive evaluation of all Proposals/Qualifications received in response to this RFP/Q. COUNTY will establish a Selection Committee comprised of staff members to perform such evaluation. Each Proposal received will be analyzed to determine overall responsiveness and qualifications under the RFP/Q; further, the Selection Committee may select proposing organizations for "in person" presentation.

Criteria to be evaluated, not necessarily in order of priority, may include the items listed below. Final approval of a selected Firm is subject to the action of County's Commissioners Court.

- A. Economic evaluation of the Proposed Fee Schedule; **(20 Points)**  
Rates to be submitted during negotiations's phase.
  
- B. Responsiveness to the Request for Proposal/Qualifications **(20 Points)**
  - 1. Requested information included and thoroughness of response.
  - 2. Understanding and acceptance of the scope of services.
  - 3. Acceptance of the RFP/Q and Contract requirements.
  - 4. Clarity and conciseness of the response.
  
- C. Firm's capability to provide the services requested and information contained in Attachment "A". **(60 Points)**
  - 1. Background of Firm and support personnel, including professional qualifications.
  - 2. Relevant experience of the Firm.
  - 3. Specific experience with public entity clients.
  - 4. Other resources, including the total number of employees, number and location of offices.
  - 5. References and experience in the Texas public sector.

COUNTY may accept, within the time specified herein, any Proposal/Qualifications in whole or in part, whether or not there are negotiations subsequent to its receipt. If subsequent negotiations are conducted, they shall not constitute a rejection or alternate RFP/Q on the part of COUNTY.

The Contract will be awarded to the respondent whose Proposal/Qualifications will be most advantageous to COUNTY, as determined by the evaluation factor's listed herein and by the recommendation of the Selection Committee with approval of the County Commissioners Court.

**X. TERMS AND CONDITIONS-QUESTIONS FROM FIRMS:**

Hidalgo County believes that the data contained in this RFP/Q document is sufficient for preparations of responses. The information is believed to be accurate and is based upon the latest available information but is to be considered in any way as a warranty. Request for additional information should be directed in writing to:

**Martha L. Salazar, CPPB, Purchasing Agent**  
**Hidalgo County Purchasing Department**  
**2812 S. Hwy. 281**  
**Hidalgo County New Administration Building**  
**Edinburg, Texas 78539**  
**956-318-2626 – Phone) 956-292-7612 – Fax)**

**SUBMISSION OF RFP/Q'S**

One (1) original and ten typed and bound copies of the Proposal/Qualifications shall be enclosed in a sealed envelope with the notation "Quality Claims Administration Services For Workers' Compensation" clearly marked on the envelope. **All Proposals/Qualifications are due in the Purchasing at Hidalgo County no later than 9:30 AM CST on Wednesday, November 14,**

**2007. Any Proposal/Qualifications received at the location below after that time shall not be considered.**

Please mail or deliver your RFP/Q to:

**Physical Address**  
**Martha L. Salazar, CPPB, Purchasing Agent**  
**Hidalgo County Purchasing Department**  
**2812 S. Hwy. 281**  
**Hidalgo County New Administration Building**  
**Edinburg, TX 78539**  
**(956) 318-2626**

All provisions in Firm's Proposal/Qualifications, including any estimated or projected costs, shall remain valid for ninety (90) days following the deadline date for submissions or if an RFP/Q is selected, throughout the entire term of the Contract.

All RFP/Qs become property of COUNTY upon receipt and will not be returned. RFP/Qs submitted will clearly identify trade secrets or information deemed confidential by the Firm by typing the word "**CONFIDENTIAL**" in bold fourteen (14) point font on the bottom margin and indicate what information is protected. However, all PROPOSERS are hereby notified that any RFP/Qs submitted to COUNTY may be subject to disclosure, either in whole or part, under the Texas Public Information Act.

**INDEPENDENT CONTRACTOR:**

It is expressly understood and agreed that Firm and all persons designated by it to provide services in connection with this RFP/Q, is and shall be deemed to be an independent contractor, responsible for its respective acts or omissions, and that COUNTY shall in no way be responsible for any acts or omissions by the Firm. Neither party hereto has authority neither to bind the other nor to hold out to third party that it has the authority to bind the other.

**XI. INSURANCE & INDEMNITY PROVISIONS:**

- A. Prior to the commencement of any work under this CONTRACT, Firm shall furnish an original completed certificate(s) of insurance to the COUNTY, which shall be completed by an agent authorized to bind the named underwriter(s) and their company to the coverage, limits, and termination provisions shown thereon, and which shall furnish and contain all required information referenced or indicated thereon.
- B. The COUNTY reserves the right to review the insurance requirements of this section during the effective period of this CONTRACT and any extension or renewal hereof and to modify insurance coverage and their limits when deemed necessary and prudent by the COUNTY's DEPARTMENT OF BUDGET & MANAGEMENT based upon changes in statutory law, court decisions, or circumstances surrounding this Contract, but in no instance will the COUNTY allow modification whereupon the COUNTY may incur increased risk.
- C. The COUNTY shall be entitled, upon request and without expense, to receive copies of the policies and all endorsements thereto as they apply to the limits required by the

COUNTY, and may make a reasonable request for deletion, revision, or modification of particular policy terms, conditions, limitations or exclusions (except where policy provisions are established by law or regulation binding upon either of the parties hereto or the underwriter of any such policies). Upon such request by the COUNTY, the CONTRACTOR shall exercise reasonable efforts to accomplish such changes in policy coverage, and shall pay the cost thereof.

D. Firm agrees that with respect to the above required insurance, all insurance contracts and certificate(s) of insurance will contain the following required provisions.

- Name the COUNTY and its directors, officers, employees, agents and elected officials as additional insureds with respects to the operations and activities of, or on behalf of, the named insured performed under contract with the COUNTY, with the exception of the workers' compensation/employers' liability and the professional liability policies.
- The Firm's insurance shall be deemed primary with respect to any insurance or self-insurance carried by the COUNTY for liability arising out of operations under the contract with the COUNTY.
- Provide for an endorsement that the "other insurance" clause shall not apply to the COUNTY where the COUNTY is an additional insured on the policy.
- Workers' Compensation/Employers' liability policy will provide a waiver of Subrogation in favor of the COUNTY.

E. Firm shall notify the COUNTY in the event of any notice of cancellation, nonrenewal or material change in coverage and shall give such notices not less than ten (10) days prior to the change, or ten (10) days for nonpayment of premium, which notice must be accompanied by a replacement Certificate of Insurance. All notices shall be given to the COUNTY, by Certified mail, at the following address:

**Hidalgo County Department Of Budget & Management**  
**Attention: Flora Vazquez**  
**2802 S. Hwy. 281**  
**Hidalgo County New Administration Building**  
**Edinburg, Texas 78539**

F. **FIRM covenants and agrees to FULLY INDEMNIFY and HOLD HARMLESS, the COUNTY and its elected officials, employees, officers, directors, and representatives, individually or collectively, from and against any and all costs, claims, liens, damages, losses, expenses, fees, fines, penalties, proceedings, actions, demands, causes of action, liability and suits of any kind and nature, including but not limited to, personal or bodily injury, death and property damage, made upon the COUNTY directly or indirectly arising out of, resulting from or related to FIRM's activities under this CONTRACT, including any acts or omissions of FIRM, any agent, officer, director, representative, employee, consultant or subcontractor of FIRM, and their respective officers, agents, employees, directors and representatives while in the exercise of performance of**

the rights or duties under this CONTRACT. The indemnity provided for in this paragraph shall not apply to any liability resulting from the negligence of COUNTY, its officers or employees, in instances where such negligence causes personal injury, death, or property damage. IN THE EVENT FIRM AND COUNTY ARE FOUND JOINTLY LIABLE BY A COURT OF COMPETENT JURISDICTION, LIABILITY SHALL BE APPORTIONED COMPARATIVELY IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT, HOWEVER, WAIVING ANY GOVERNMENTAL IMMUNITY AVAILABLE TO THE COUNTY UNDER TEXAS LAW AND WITHOUT WAIVING ANY DEFENSES OF THE PARTIES UNDER TEXAS LAW.

G. The provisions of this INDEMNIFICATION are solely for the benefit of the parties hereto and not intended to create or grant any rights, contractual or otherwise, to any other person or entity.

H. Firm shall promptly advise the COUNTY, in writing of any claim or demand against the COUNTY or Firm known to Firm related to or arising out of FIRM'S activities under this CONTRACT.

## **XII. SCHEDULE OF EVENTS**

RFP/Q Mailouts	<b><u>Monday, October 22, 2007</u></b>
RFP/Qs Due	<b><u>Wednesday, November 14, 2007- 9:30 a.m.</u></b>
Contract Award Start Date	<b><u>Possible Award On: January 1, 2008</u></b>

## **XIII. RESERVATION OF RIGHTS**

COUNTY reserves the right to:

- Reject any and all RFP/Q's received.
- Issue a subsequent RFP/Q's.
- Cancel the entire RFP/Q's.
- Remedy technical errors in the RFP/Q's process.
- Negotiate with any, all or none of the respondents to the RFP/Q's.
- Accept the written RFP/Q's as an offer.
- Waive informalities and irregularities.
- Accept one or more RFP/Q.

This RFP/Q does not commit COUNTY to enter into a Contract, nor does it obligate it to pay any costs incurred in preparation and submission of the RFP/Q or in anticipation of a Contract.

**WRITTEN QUESTIONS WILL BE ACCEPTED NO LATER THAN Wednesday, November 7, 2007 at 5:00 p.m.. Res-ponses will be sent to all respondents via facsimile by Friday, November 7, 2007. TELEPHONE INQUIRIES WILL NOT BE ACCEPTED.**

All questions must be transmitted via facsimile to:

Martha L. Salazar, CPPB, Purchasing Agent  
Hidalgo County Purchasing Department  
Fax No.: 956-292-7612

# ACORD CERTIFICATE OF LIABILITY INSURANCE

OP IDPK  
TRIST-1

DATE (MM/DD/YYYY)  
12/10/07

PRODUCER  
Arthur J. Gallagher & Co.  
Ins Brokers of CA Inc. 0726293  
505 N.Brand Blvd, Suite 600  
Glendale CA 91203-3944  
Phone: 818-539-2300 Fax: 818-539-2301

INSURED  
Tristar Insurance Group, Inc.  
100 Oceangate Avenue #700  
Long Beach CA 90802

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

**INSURERS AFFORDING COVERAGE**

NAIC #

INSURER A	Federal Insurance	20281
INSURER B	Hartford Insurance Company	
INSURER C	American Home Assurance Co.	19380
INSURER D	A I S L I C	26883
INSURER E	Travelers Casualty & Surety Co	

**COVERAGES**

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	X	<p>GENERAL LIABILITY</p> <p><input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY</p> <p><input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR</p> <p><input checked="" type="checkbox"/> Incl. contractual liability</p> <p>GEN'L AGGREGATE LIMIT APPLIES PER:</p> <p><input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC</p>	35848060	05/01/07	05/01/08	<p>EACH OCCURRENCE \$ 1,000,000</p> <p>DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000</p> <p>MED EXP (Any one person) \$ 10,000</p> <p>PERSONAL &amp; ADV INJURY \$ 1,000,000</p> <p>GENERAL AGGREGATE \$ 2,000,000</p> <p>PRODUCTS - COMP/OP AGG \$</p>
B		<p>AUTOMOBILE LIABILITY</p> <p><input checked="" type="checkbox"/> ANY AUTO</p> <p><input type="checkbox"/> ALL OWNED AUTOS</p> <p><input type="checkbox"/> SCHEDULED AUTOS</p> <p><input type="checkbox"/> HIRED AUTOS</p> <p><input type="checkbox"/> NON-OWNED AUTOS</p>	72UECTQ5461	05/01/07	05/01/08	<p>COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000</p> <p>BODILY INJURY (Per person) \$</p> <p>BODILY INJURY (Per accident) \$</p> <p>PROPERTY DAMAGE (Per accident) \$</p>
		<p>GARAGE LIABILITY</p> <p><input type="checkbox"/> ANY AUTO</p>				<p>AUTO ONLY - EA ACCIDENT \$</p> <p>OTHER THAN AUTO ONLY EA ACC \$</p> <p>AGG \$</p>
C		<p>EXCESS/UMBRELLA LIABILITY</p> <p><input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE</p> <p><input type="checkbox"/> DEDUCTIBLE</p> <p><input checked="" type="checkbox"/> RETENTION \$ 10,000</p>	BE0848143	05/01/07	05/01/08	<p>EACH OCCURRENCE \$ 5,000,000</p> <p>AGGREGATE \$ 5,000,000</p> <p>\$</p> <p>\$</p> <p>\$</p>
C		<p>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</p> <p>ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED?</p> <p>If yes, describe under SPECIAL PROVISIONS below</p> <p>OTHER</p>	WC3423882 (AOS)	01/01/07	01/01/08	<p><input checked="" type="checkbox"/> WC STATU-TORY LIMITS <input type="checkbox"/> OTH-ER</p> <p>E.L. EACH ACCIDENT \$ 1000000</p> <p>E.L. DISEASE - EA EMPLOYEE \$ 1000000</p> <p>E.L. DISEASE - POLICY LIMIT \$ 1000000</p>
D		Errors & Omissions	9664847	01/31/07	01/31/08	E&O Limit \$10,000,000
E		Crime	104864721	01/01/07	01/01/08	E&O DED \$150,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

\*Except 10 days notice for non-payment of premium.  
Certificate Holder, County of Hidalgo, is included as Additional Insured under General Liability, as their interest may appear, regarding the operations of the Named Insured, per attached form 80-02-2002 (4-01).

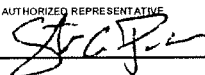
**CERTIFICATE HOLDER**

**CANCELLATION**

CNTYHID

County of Hidalgo  
Purchasing Dept.  
Attn: Vangie Garcia  
2812 S. Highway 281  
Edingburg TX 78539

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30\* DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE  


## **IMPORTANT**

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

## **DISCLAIMER**

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

10. **A. Presentation for discussion, consideration, and action in connection with the sole response received for RFP NO: 2007-445-12-05-Excess Worker's Compensation Insurance Project for the purposes of ranking as "qualified" and meeting requirements for the purposes of proceeding forward with the proposal process.**

On motion of Commissioner Garza, seconded by Commissioner Palacios, the Court made a UNANIMOUS vote of approval.

- B. Requesting authority for Purchasing Department to enter into negotiations with qualified proposer including any best and final offers in order to finalize a contract for consideration and award.**

On motion of Commissioner Palacios, seconded by Commissioner Garza, the Court made a UNANIMOUS vote of approval.

11. **A. Presentation for discussion, consideration, and action to accept final negotiations, award REP and approve final contract (subject to legal review) with TriStar Risk Management ( number one ranked firm- approved by CC on 12/05/07) for RFP NO: 2007-224-11-14-VYG-Quality Claims Administrator Services for Worker's Compensation Project; or, in the alternative;**

On motion of Commissioner Garza, seconded by Commissioner Palacios, the Court made a UNANIMOUS vote of approval.

- B. Requesting and recommending to cease negotiations with the number one ranked firm, TriStar Risk Managment and commence negotiations with the number two ranked vendor for Quality Claims Administration Services for Worker's Compensation Project.**

NO ACTION taken on this item.

12. **Presentation for discussion, consideration and approval of draft specifications for scope of service and requirements for the Support & Maintenance of County Phone System. RFP-2007-444-LRM**

On motion of Commissioner Palacios, seconded by Commissioner Garza, the Court made a UNANIMOUS vote of approval.

13. **A. Requesting exception from "Order" approved designating 10-12-07 as deadline for major purchases for the 93rd. State District Court to acquire flooring and office furniture (chairs) for juror room with assurances by 93rd. & vendors that all requested goods and/or services will be received and installed prior to 12-31-07**

On motion of Commissioner Palacios, seconded by Commissioner Garza, the Court made a UNANIMOUS vote of approval.