

**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 extend 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 extend 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

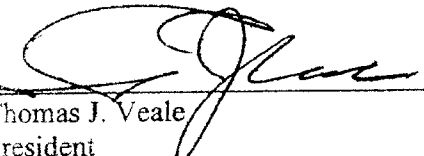
2812 S, Highway 281  
Edingburg, TX 78539  
Attention: Martha Salazar

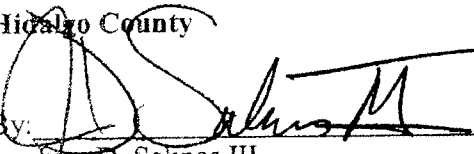
If to TRISTAR:

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: \_\_\_\_\_

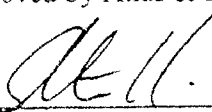
**ATTEST**

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

# ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
10/06/09

**PRODUCER** 1-818-539-2300  
Arthur J. Gallagher & Co.  
Insurance Brokers of California, Inc. License #0726293  
505 North Brand Boulevard, Suite 600  
Glendale, CA 91203-3944  
818-539-2300

**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.**

**INSURED**  
TRISTAR Insurance Group, Inc.  
100 Ocean Gate Avenue, Suite 700  
Long Beach, CA 90802

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A: FEDERAL INS CO	20281
INSURER B: HARTFORD UNDERWRITERS INS CO	30104
INSURER C: NATIONAL UNION FIRE INS CO OF PITTS	19445
INSURER D: INSURANCE CO OF THE STATE OF PA	19429
INSURER E: TRAVELERS CAS & SURBTY CO	19038

## 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 ADD'L LTR INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	<b>GENERAL LIABILITY</b> <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> Incl. Contractual Liab  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input checked="" type="checkbox"/> LOC	35848060	05/01/08	01/01/10	EACH OCCURRENCE \$1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$1,000,000 MED EXP (Any one person) \$10,000 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$2,000,000 PRODUCTS - COM/OP AGG \$
B	<b>AUTOMOBILE LIABILITY</b> <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS  <b>GARAGE LIABILITY</b> <input type="checkbox"/> ANY AUTO	72EUCTQ5461	05/01/09	01/01/10	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: EAACC \$ AGG \$
C	<b>EXCESS/UMBRELLA LIABILITY</b> <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE  <input type="checkbox"/> DEDUCTIBLE <input checked="" type="checkbox"/> RETENTION \$10,000	BE80878784	05/01/09	01/01/10	EACH OCCURRENCE \$5,000,000 AGGREGATE \$5,000,000 \$ \$ \$
D	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below	WC006506734 AOB	01/01/09	01/01/10	<input checked="" type="checkbox"/> WC STATU-TORY LIMITS <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE - EA EMPLOYEE \$1,000,000 E.L. DISEASE - POLICY LIMIT \$1,000,000
E	<b>OTHER</b> Crime Errors & Omissions Carrier for E&O: American Intl Special Lines Ins Co	104864721 015404810	01/31/09 01/31/09	01/01/10 01/01/10	Aggregate: 5,000,000 Aggregate: 10,000,000

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS  
Evidence of Insurance Only.

## CERTIFICATE HOLDER

Hidalgo County Purchasing Dept.  
2812 S. Business Highway 281  
New Administration Building  
Edinburg, TX 78539

USA

## CANCELLATION \*10 day notice for non-payment of premium

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

*Nicole B. Cant*

### **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.