

SERVICE AGREEMENT FOR LOSS CONTROL SERVICES

This Agreement (“Agreement”) is entered into effective the 26th day of September, 2024 (“Effective Date”), by and between Sedgwick Claims Management Services, Inc. (“Sedgwick”) and the Monterey Bay Area Self Insurance Authority (“Client”).

RECITALS

1. Client desires that Sedgwick provide certain Loss Control Services (as defined below).
2. Sedgwick is willing to provide such services on the terms and conditions hereinafter stated.

AGREEMENT

1. **Services to Be Performed by Sedgwick:** Sedgwick shall provide Client with the following services:

A. Description of the Services:

- (1) Sedgwick agrees to provide Loss Control Services (as defined in Exhibit B) to Client and its members. This Agreement is not exclusive, and Client may use other companies to provide loss control services including for its members.
- (2) Sedgwick will gather loss control information, (i) to perform hazard analysis, with recommendations, if necessary and (ii) to analyze and make recommendations regarding hazard control.
- (3) Loss Control Services exclude expert witness testimony; any request to conduct work that would be protected by the attorney client privilege; and any other work not specifically mentioned in this definition.
- (4) Sedgwick will provide the Loss Control Services requested by Client on an account by account, location by location basis. Sedgwick may refuse a Loss Control Services request, so long as notice is provided to Client within seven business days of Sedgwick's receipt of said request.
- (5) If mutually agreed, Sedgwick will provide Client with a written report (“Report”), setting forth observations, findings, and recommendations. All such materials and all reports and correspondence shall be the sole property of Client.
- (6) In any Report prepared for or provided to Client and its members, Sedgwick agrees to provide written notice that the loss control survey is not designed to, and does not, identify all potentially unsafe practices or conditions, code violations, and other defects and that Client and its members is responsible for independently identifying and rectifying any unsafe practices or conditions, code violations, and defects on its premises and in its operations.

B. Disclaimers and Limitations:

- (1) All inspections, observations, and recommendations by Sedgwick in its reports are advisory only and intended solely for the purpose of assisting the Client in its decisions about whether to implement any such inspections, observations and recommendations in its loss control and safety procedures. Any such decisions are the sole responsibility of the Client.
- (2) All observations and recommendations in any report are based upon (i) practices and conditions of the Client inspected by Sedgwick and (ii) written and/or verbal information provided by the Client to Sedgwick.
- (3) Sedgwick has not undertaken to verify, and does not warrant or represent, the accuracy or completeness of any such practices, conditions, information, or that any workplaces, operations or machinery are safe.
- (4) Sedgwick does not represent or warrant that the observations and recommendations in any Report are fully compliant with local, state or federal laws or regulations applicable to practices and conditions inspected by Sedgwick. The Client is advised to seek legal advice about any such laws or regulations.
- (5) Any Report, observation, or recommendation provided by Sedgwick, is for the sole benefit and use of the Client and may not be relied upon by any person or entity other than the Client.

2. Obligations of Client:

- A. Client shall provide to Sedgwick with cooperation and information as needed to allow Sedgwick to perform its services.
- B. Client shall pay to Sedgwick the fees set forth in Exhibit B, plus applicable taxes, if any, and any related expenses.
- C. Should Client fail to make timely payments of any fees due Sedgwick or should Client in any other way breach a material term of this Agreement, Sedgwick shall then have the right to refuse to perform any further services. If Sedgwick elects to exercise its rights under this paragraph, in addition to all other legal or equitable remedies, Sedgwick will have the right to its full minimum fee, if any, as well as any other fees for which Sedgwick may be eligible.
- D. Client acknowledges and agrees that the performance of Loss Control Services by Sedgwick under this Agreement in no way guarantees Client of a reduction or improvement in its incurred losses. Client recognizes that Sedgwick has been engaged under this Agreement solely for the purpose of providing loss control documentation, compliance, and information.

3. Discontinuance of Operations:

Should Client discontinue its business for any reason, all fees due Sedgwick shall be paid immediately. Sedgwick shall have no further obligation to continue to provide the services called for in this Agreement, and, at Sedgwick' option, this Agreement shall be considered terminated as of the date Client ceases operations or is subject to a bankruptcy or receivership filing, either voluntarily or involuntarily.

4. Covered Jurisdictions:

This Agreement shall cover Loss Control Services for Clients in the jurisdictions identified in Exhibit A.

5. Term of Agreement and Termination:

- A. The term of this Agreement shall be for the period commencing on July 1, 2024, and ending on November 30, 2024, with an option to extend for one year.
- B. This Agreement may be terminated by either party at any time, provided that at least sixty (60) days prior written notice of the effective date of termination is given to the other party.
- C. If Client fails to pay Sedgwick service fees which it is obligated to pay, then Sedgwick may present all unpaid invoices to Client and Client shall pay such service fees within thirty (30) days of presentment.
- D. Upon expiration or termination of this Agreement, Sedgwick shall deliver, at Client's sole cost, the hard copy and imaged files that Sedgwick has maintained for related to services provided under this Agreement (but not including any computer hardware, firmware, software or other proprietary information of Sedgwick), except those Sedgwick has agreed in writing to continue to process or files that are owned by Client and its members; provided, however, that Sedgwick or its agents, employees or attorneys shall continue to be entitled to inspect all such files and make copies or extracts there from. Imaged files shall be transferred to Client in the same electronic format. If Client does not agree to accept such files, they will be retained or destroyed at Sedgwick's option and Client shall have no recourse against Sedgwick for failure to retain them.

6. Professional Advice:

Nothing in this Agreement is intended to require Sedgwick to engage in the practice of law or professional engineering, and services provided shall not be considered professional engineering, legal, tax or accounting advice, and Sedgwick shall in no event give, or be required to give, any legal opinion or provide any engineering, legal, tax or accounting representation to Client. Client acknowledges that Sedgwick has been engaged to provide certain professional services and that it is not the intent of the parties that Sedgwick assume any insurance risk. Sedgwick shall not act as an insurer for Client, and this Agreement shall not be construed as an insurance policy; it being understood that Sedgwick is in no event

financially responsible for payment or satisfaction of Client's claims, lawsuits, or any form of cause of action against Client from Sedgwick funds.

7. Indemnification:

- A. Sedgwick shall indemnify, hold harmless and defend MBASIA, its agents, employees, assigns, successors, officers and directors against any and all loss, damage, fines, liability, costs and expenses, including reasonable attorney fees and costs that MBASIA may become obligated to pay due, to the extent attributable to the negligent or otherwise wrongful acts or omissions of Sedgwick, its agents, employees, officers or directors. MBASIA agrees to notify Sedgwick immediately in writing of any claim, demand, and notice of liability or action. Notwithstanding the immediately preceding two sentences, Sedgwick shall not be obligated to indemnify MBASIA, its agents, employees, assigns, successors, officers and directors to the extent that any such loss, damage, fines, liability, costs and expenses is attributable to the negligent or otherwise wrongful acts or omissions of MBASIA, its former service provider(s) or any other party.
- B. MBASIA shall indemnify, hold harmless and defend Sedgwick, its agents, employees, assigns, successors, officers and directors against any and all loss, damage, fines, liability, costs and expenses, including reasonable attorney fees and costs that Sedgwick become obligated to pay due, to the extent attributable to the negligent or otherwise wrongful acts or omissions of MBASIA, its agents, employees, officers or directors.
- C. In the event MBASIA directs Sedgwick to follow a specific course of action in the providing its services, it shall indemnify, hold harmless and defend Sedgwick against any loss, cost or expense, including reasonable attorney fees and costs, incurred in any claim for damages related to that course of action. Notwithstanding anything to the contrary herein, Sedgwick shall not be held responsible or liable for any obligations pursuant to agreements or contracts between third parties and MBASIA.
- D. MBASIA agrees that any action to enforce the terms of this agreement or resulting from a dispute between the parties shall be filed in Monterey County, California. In the event of such an action, the prevailing party may, in addition to any other relief it obtains, recover its attorney fees and court costs.
- E. The provisions of this section shall survive the expiration or termination of the Agreement.

8. Network Security/Confidentiality:

- A. If Client's access to the data management system requires a network connection (the "Network Connection") between Client's network and Sedgwick's network, Sedgwick and Client shall take reasonable and customary precautions to prevent unauthorized access to or use of the Network Connection through their respective networks. The parties agree, however, that each party is responsible for the security of its own network. Neither party shall be liable to the other for unauthorized access

to the Network Connection, so long as the accused party shall have taken reasonable and customary precautions to prevent such unauthorized access.

B. Whether or not marked as such, and without regard to the media in which such records are stored, “Confidential Information” shall mean:

- (1) any business or technical information pertaining to the parties herein or to third parties, which is furnished, disclosed or made available by one party to the other, including, without limitation, specifications, prototypes, software, marketing plans, financial data and personnel statistics; and
- (2) Medical records, reports and information, as well as any other non-medical records, reports or information pertaining to claimants under the Program.

C. Each party agrees to protect Confidential Information received hereunder with the same degree of care that such party exercises with its own confidential information (but in no event less than reasonable care) and to limit access and disclosure of Confidential Information only to their employees, agents and contractors who have a “need to know,” and who agree to maintain confidentiality in accordance with this section. Notwithstanding the foregoing, Client agrees to permit Sedgwick to compile and disseminate aggregate, de-identified information for auditing, compliance, internal assessments, process improvement and related analytics, benchmarking purposes or forward to a data collection facility data, provided that such facility agrees in writing to keep Client’s data confidential. Further, Sedgwick shall be entitled, without violation of this section and without the prior consent of Client, to retain claims administration information and to forward claims administration information to government agencies to the extent required by law for the proper performance of the services set forth herein.

D. The provisions of this section shall survive the expiration or termination of the Agreement.

9. Notices:

Any notice required to be given under this Agreement shall be sent by certified or registered mail, postage prepaid, to Holly Pon, Director, Risk Control Services, 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833 with a copy to General Counsel - Americas, Sedgwick Claims Management Services, Inc., 8125 Sedgwick Way, Memphis, TN 38125, in the case of Sedgwick, and to Conor Boughey, Senior Vice President, 560 Mission St., 6th Floor, San Francisco, CA 94105 in the case of Client.

10. Assignment:

The Client may not assign its rights or obligations under this Agreement. Sedgwick may assign or subcontract part of the services required hereunder and may at its discretion delegate to a subsidiary or affiliate such of its duties as it deems appropriate, provided that such subcontracting or delegation shall not relieve Sedgwick of any of its obligations hereunder.

11. Entire Agreement and Modification or Amendment:

This Agreement and its attached exhibits and schedules represents the full and final understanding of the parties with respect to the subject matter described herein and supersedes any and all prior agreements or understandings, written or oral, express or implied. This Agreement may be modified or amended only by a written statement signed by both parties.

12. Applicable Law:

The terms and conditions of this Agreement shall be governed by the laws of the State of California without regard to conflicts of law principles. If any dispute or claim arises hereunder that the parties are not able to resolve amicably, the parties agree and stipulate that such litigation shall be resolved in the State of California, and the parties irrevocably submit to the exclusive venue and jurisdiction of such court for the purpose of any such action or proceeding. In the event of a dispute between the parties resulting in litigation, the prevailing party may, in addition to any other relief obtained, recover its court costs and reasonable attorney's fees.

13. Force Majeure:

Neither party shall be liable to the other party or be deemed to have breached this Agreement for any failure or delay in the performance of all or any portion of its obligations under this Agreement if such failure or delay is due to any contingency beyond its reasonable control (a "Force Majeure"). Without limiting the generality of the foregoing, a Force Majeure includes, but is not limited to, acts of God, fires, floods, pandemics, storms, earthquakes, riots, boycotts, strikes, lock-outs, acts of terror, wars and war operations, restraints of government, power or communication line failure or other circumstance beyond such party's reasonable control, or by reason of the bankruptcy, receivership or other insolvency proceeding of any bank or other financial institution where funds to pay losses and allocated loss adjustment expenses are held, or by reason of a judgment, ruling or order of any court or agency of competent jurisdiction or change of law or regulation subsequent to the execution of this Agreement. Both parties are obligated to provide reasonable back-up capability to avoid the potential interruptions described above. If a Force Majeure occurs, the party delayed or unable to perform shall give immediate notice to the other party. Client acknowledges that the foregoing provision does not apply to Client's obligation to make timely payment of any fees due Sedgwick, and that Sedgwick shall be entitled to all remedies set forth in this Agreement and those allowed by law for Client's failure to timely pay such fees.

14. Headings:

Headings herein are for convenience of reference only and shall not be considered in any interpretation of this Agreement.

15. Relationship of Parties; Expenses:

Nothing contained in this Agreement shall be deemed to create a partnership or joint venture between the parties hereto; the only relationship among the parties shall be that of independent parties to a contract. Except as expressly provided herein, no party hereto shall have authority or shall hold itself out as having authority to act for or bind any other party hereto. Except as expressly set forth herein, each party shall bear all expenses it may incur in connection with the execution, delivery and performance of this Agreement.

16. Waiver of Breach:

Failure of either party hereto to require the performance by the other party hereto of any obligation under this Agreement shall not affect its right subsequently to require performance of that or any other obligation. Any waiver by any party hereto of any breach of any provision of this Agreement shall not be construed as a continuing waiver of any such provision or a waiver of any succeeding breach or modification of any other right under this Agreement.

17. Subcontractor Disclosure:

Through contractual arrangements with subcontractors, Sedgwick provides a full range of loss control services to its clients. Client recognizes and agrees that delivery of some of these services is being provided pursuant to separate agreements between subcontractors and Sedgwick. Invoices for these services will be paid as allocated loss adjustment expenses on individual claims, unless otherwise agreed between Client and Sedgwick. Notwithstanding the foregoing, Client agrees and understands that Client is obligated to make payment to the subcontractors either directly or by remitting such payment to Sedgwick, for any money due for subcontracted services which have been provided under this Agreement. Client acknowledges that Sedgwick receives a portion of charges for subcontracted services as reimbursement for cost of program management, administration, and technological and service enhancements. In no event will charges to Client exceed the amount indicated in the Agreement.

18. Equitable Adjustment:

This Agreement contemplates that the standards applicable to this Agreement are those in effect on the date of this Agreement, whether such standards are set forth in statutes, regulations, rules, orders, case law or otherwise. In the event of a change in a service standard, Sedgwick shall be entitled to an equitable adjustment in its compensation if such change increases Sedgwick's cost of providing the services under this Agreement or reduces its profitability.

19. Non-Solicitation:


Client acknowledges and agrees that Sedgwick personnel who perform the services are a valuable asset to Sedgwick and difficult to replace. Accordingly, Client agrees that, during the term of the Agreement, and for twelve months thereafter, it will not solicit, contract or hire Sedgwick personnel or encourage them to seek employment or any other contractual

arrangements with Client. The parties further agree that in the event Client breaches the provision of this Section, Client shall pay Sedgwick liquidated damages in the amount of two times the annual compensation to be paid to such person for each such breach, which is the parties' good faith estimate of the amount of damages to Sedgwick from such breach. This Section shall survive the termination of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the dates written below.

Monterey Bay Area Self Insurance
Authority

Sedgwick Claims Management Services, Inc.

By 
Title MBASIA Program Administrator
Date 9/26/2024


By 
Title Senior Vice President
Date September 27, 2024

EXHIBIT A

SERVICE PROGRAM OVERVIEW

I. Introduction

Sedgwick is providing the Loss Control Services as follows:

Jurisdictions Serviced: CA
Servicing Office: Sacramento

II. Account Coordination

On behalf of Client, this service program will be coordinated by:

Client Representative: Conor Boughey
Client Name: Monterey Bay Area Self Insurance Authority
Client Address: 560 Mission St. 6th Floor
San Francisco, CA 94105
Telephone # 415.403.1411
Fax # 415.874.4811

On behalf of Sedgwick, this service program will be coordinated by:

Sedgwick Representative: Shane Baird
Sedgwick Office Address: 1750 Creekside Oaks Drive, Suite 200
Sacramento, CA 95833
Telephone # 661.619.3520
Fax # 855.242.8919

Each party reserves the right to change its designated representative during the term of the Agreement.

EXHIBIT B

Loss Control Services and Fees

1. Loss Control Services and Fees:

Services

This section details the targeted risk control resources to be provided.

Program/policy template

Sedgwick will provide the Client program and policy templates to distribute to Client members. Topics include, but are not limited, to the following.

- Driver Safety and Vehicle Use for Agency
- Business Use – Agency Owned Vehicles
- Business Use – Personally-Owned Vehicles
- Large Capacity Van Safety Policy

Cost of Services

Proposed Contract Period: July 1, 2024 through November 30, 2024

Service rates are provided below. All rates listed below include mileage and travel expenses.

Service	Estimated Fees
Development of sample programs/policies for the following topics: <ul style="list-style-type: none">• Driver Safety and Vehicle Use for Agency• Business Use – Agency Owned Vehicles• Business Use – Personally-Owned Vehicles• Large Capacity Van Safety Policy	\$7,000 flat fee

Client is to schedule Member surveys as close in proximity as reasonably possible, thereby controlling travel costs for Client and its members.

Other Rates:

- Lodging - billed at actual expense
- Meals – if overnight stay is required – billed at actual expense
- Training materials – billed at cost
- Mileage reimbursement billed at the current government rate
- Postage of copies – billed at actual cost

Sedgwick will provide an invoice upon final delivery of policy or program templates with payment due within 30 days of receipt of our invoice.

2. Invoicing:

Sedgwick shall submit its invoice for all fees in arrears.

3. Payment Terms:

Client acknowledges that all fees set forth in the Agreement are due and payable within thirty (30) days of the invoice. Any and all past due fees will incur interest at the rate of 1.5% per month, unless otherwise prohibited by law. Client acknowledges that in the event Sedgwick undertakes collection proceedings for any outstanding fees, then Client will reimburse Sedgwick for all costs associated with such collection action, including a reasonable attorney fee and court cost.