

**AGREEMENT FOR LIABILITY CLAIMS ADMINISTRATION SERVICES  
BETWEEN CALIFORNIA INSURANCE POOL AUTHORITY  
ON BEHALF OF MEMBER AGENCIES  
AND GEORGE HILLS COMPANY, INC.**

**Article 1. GENERAL**

This agreement is entered into effective October 1, 2021 by and between the California Insurance Pool Authority ("CIPA"), a California Public Joint Powers Authority, on behalf of the Cities of Arcadia, Brea, Buena Park, Cypress, Irvine, La Habra, Laguna Beach, Montclair, Orange, Tustin and Yorba Linda ("Member Agencies or Member Agency") and George Hills Company, Inc. ("George Hills").

In consideration of the mutual obligations hereby assumed, CIPA and George Hills (hereinafter referred to as a "Party" or collectively as the "Parties") agree to the following:

**Article 2. SCOPE OF APPOINTMENT/RELATIONSHIP OF THE PARTIES**

George Hills, its agents and employees are hereby appointed as CIPA and Member Agencies' agents and representatives in connection with the investigation, adjustment, processing, supervision and resolution of its liability claims, including general liability, employment practices liability, automobile liability claims and potential claims for money damages asserted by third parties against CIPA or any Member Agency for whom CIPA or Member Agency is alleged to be legally responsible, and agrees to provide all services set forth in this Agreement.

The relationship of George Hills to CIPA and Member Agencies established by this Agreement is that of independent contractors, and nothing contained in this Agreement shall be construed to establish an employer/employee relationship or to constitute the Parties as partners, joint ventures, co-owners, or otherwise as participants in a joint and common undertaking. George Hills, its agents and employees are representatives of CIPA and/or Member Agencies only for the purpose of administering the liability program claims as set forth in this Agreement, and they have no power or authority as agent, employee, or in any other capacity to represent, act for, bind or otherwise create or assume any obligation on behalf of CIPA and/or Member Agencies for any purpose whatsoever, except as specifically required to perform George Hills's obligations under this Agreement.

**Article 3. DURATION**

This Agreement applies to all work performed by George Hills which is described in Article 4, whether performed in anticipation of or following the execution of this Agreement. The initial term shall begin on October 1, 2021 at 12:01 a.m. and shall expire October 1, 2026 at 12:00 midnight. Subsequent annual terms from, October 1, to October 1, may be mutually agreed upon between the Parties.

The Agreement is subject to termination by either party at any time during the life of the Agreement upon sixty (60) days written notice. CIPA maintains the right to terminate this Agreement if CIPA determines that it is in the best interest to do so, in CIPA's sole discretion and with or without cause. When this Agreement is terminated, the Parties shall, as necessary, make an adjustment to the payment schedule in Article 11 to prorate fees through date of termination. Thereafter, Member Agencies shall pay George Hills moneys due and owing after such adjustment, if any, or George Hills shall refund moneys due and owing Member Agencies after such adjustment, if any. Adjustments due and owing shall be paid within thirty (30) days after termination of the Agreement.

Upon notice of termination of the Agreement, George Hills will fully cooperate with the new claims administrator, CIPA and Member Agencies in providing required information and service.

#### **Article 4. WATCHLIST CLAIMS**

CIPA shall identify and notify George Hills of claims that are designated to be watchlist claims. The criteria for designation of a watchlist claim includes the following:

- A. Claims that are reportable to CIPA, by a Member Agency, with total incurred reserves or potential payments, including defense costs that are 50% or more of a Member Agency's self-insured retention, or involving specified types of claims (as defined in its Memorandum of Coverage).
- B. Claims which CIPA designates to be assigned in accordance with the *Agreement for Litigation Management Services* between CIPA, on behalf of Member Agencies, and George Hills.

CIPA designated watchlist claims shall be assigned to a Litigation Manager in accordance with the *Agreement for Litigation Management Services* between CIPA, on behalf of Member Agencies, and George Hills.

The Litigation Manager shall administer and manage all watchlist claims as part of the scope of duties encompassed in this *Agreement* and the *Agreement for Litigation Management Services*.

#### **Article 5. CLAIMS ADMINISTRATION SERVICES**

George Hills shall provide Member Agencies with the following services related to claims:

- A. Manage claims in accordance with claims administration best practices and CIPA's Policies & Procedures including the *Minimum Performance Standards for Liability Claims Administration Policy*, as contained in Exhibit 1. Policy revisions adopted by CIPA's Board of Directors shall be automatically incorporated into this Agreement. Any such revisions will be reviewed with George Hills prior to adoption by CIPA.
- B. Monitor defense counsel in accordance with CIPA's *Liability Program Defense Counsel Policy*, as contained in Exhibit 2. Any such revisions will be reviewed with George Hills prior to adoption by CIPA.
- C. Attend mediations, mandatory and voluntary settlement conferences, arbitrations, trials, small claims and other proceedings at the request of Member Agencies.
- D. Attend Member Agency meetings as requested.
- E. Communicate with CIPA, Member Agencies, defense counsel and all other parties as required to effectively manage claims.
- F. Conduct training at the request of Member Agencies.
- G. Advise Member Agencies of any material information impacting claims or need for improvements in any matter related to this Agreement, including advice relating to changes and proposed changes in statutes, regulations and rules affecting Member Agencies' liability claims.
- H. Perform other general administrative functions and management oversight to provide for the services in this Agreement.
- I. Notify CIPA General Manager and the Litigation Manager of any claims with potential exposure to CIPA.

#### **Article 6. STATISTICAL LOSS DATA**

- A. In coordination with CIPA and/or Member Agencies, develop management reports that assist CIPA and/or Member Agencies and George Hills in effectively managing the liability claims program. Standard reports will be provided within ten (10) days after the end of the month.

- B. IMetrics report will be provided to members at least semi-annually and as requested by Member Agencies.
- C. Loss reports shall be provided to actuaries, financial auditors and brokers as requested.
- D. CIPA and Member Agencies reserve the right to request additional reports required to manage the liability claims program.

#### **Article 7. SELECTION OF PERSONNEL**

CIPA and Member Agencies shall maintain final approval in the selection of staff assigned to CIPA's account and the right to request new staff if the service is unacceptable to CIPA and/or Member Agencies for any reason. Claims examiners assigned to the account must have a minimum of five years full-time experience as a liability claims examiner, unless waived by CIPA or Member Agencies.

Caseloads for claims examiners shall not exceed 175 claim occurrences, unless approved in writing by the Member Agency and/or CIPA. Administrator shall provide CIPA and Member Agency with an accounting of caseloads each June 30 and December 31. The accounting for each examiner shall include (1) the name or pseudo name of all assigned clients; and (2) the number of claim occurrences for each client. Each examiner shall sign acknowledgement of their claims count and provide to CIPA and Member Agency.

#### **Article 8. CONFIDENTIALITY**

George Hills shall treat information, reports and analyses obtained or developed pursuant to this Agreement as confidential. Prior written consent from CIPA shall be required before any information, in any format, is disclosed to any third party. George Hills shall produce, maintain and dispose of all such information reports and analyses in a manner to guarantee reasonable safeguards to such confidentiality.

#### **Article 9. AUDITS**

George Hills agrees to cooperate with CIPA in making all claim files and records available to CIPA for audit by CIPA or Member Agency's appointed representatives including auditors. Audits conducted onsite shall be done during normal office hours and CIPA and/or Member Agency's representatives, including auditors shall have reasonable access to the necessary portions of George Hills's facilities, files and records for review or audit purposes, so as not to interfere with George Hills's normal business.

#### **Article 10. RIGHTS TO DATA**

All claim files, paper and computer, are and shall remain the property of CIPA and/or Member Agencies. CIPA and/or Member Agencies reserve the right to obtain original claim files, data discs, copies of reports and other documents applicable to CIPA and/or Member Agencies in the event this Agreement is terminated.

Upon termination of this Agreement, George Hills shall transfer all of the data pertaining to all claims, either to CIPA or to a recipient designated by CIPA, within 90 days of termination. CIPA and George Hills may agree via a separate signed agreement to retain records and/or data for a longer period of time, but in the absence of such separate agreement, George Hills will remove all data received, held, used, or stored in relation to George Hill's performance pursuant to this Agreement, from its system after 90 days from termination. No documents shall be destroyed unless they have been scanned into the system. Original documents received after termination of this agreement shall be forwarded to the new claims administrator.

## **Article 11. DOCUMENTS/CORRESPONDENCE**

Each Member Agency will designate documents/correspondence they require for their files and a timeframe for receipt of such documents/correspondence.

## **Article 12. FEE**

The fee for this Agreement includes the claims count for all claims, including watchlist claims. CIPA may elect to transfer watchlist claims to another consultant. The fee for this Agreement will be mutually re-negotiated to reflect the reduced claims count if the watchlist claims are transferred to another consultant.

In addition to the scope of services described in Articles 5 and 6, mileage and the set-up of claims are included in the flat annual fee for all claims, including watchlist claims. The Fee also includes the following services for non-watchlist claims and no fees related to the services under this Agreement are chargeable to the *Agreement for Litigation Management Services* between CIPA, on behalf of Member Agencies, and George Hills.

1. Client calls/meetings
2. Member communication
3. File review
4. Reports
5. Internal training and direction
6. Litigation management
7. Audits
8. Supervision/oversight
9. Internal communication

### **A. Member Agency Fees**

Member Agencies shall be responsible for the payment of all fees stated herein. The flat annual fee for each Member Agency is shown in the chart on the next page. Member Agencies shall pay the fees quarterly within 30 days of receipt of an invoice from George Hills.

<b>Member City</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
Arcadia	\$ 35,000	\$ 36,050	\$ 37,132	\$ 38,245	\$ 39,393
Brea	12,000	12,360	12,731	13,113	13,506
Buena Park	24,000	24,720	25,462	26,225	27,012
Cypress	14,000	14,420	14,853	15,298	15,757
Irvine	76,000	78,280	80,628	83,047	85,539
Laguna Beach	41,000	42,230	43,497	44,802	46,146
La Habra	21,000	21,630	22,279	22,947	23,636
Montclair	11,000	11,330	11,670	12,020	12,381
Orange	26,546	26,546	26,546	26,546	26,546
Tustin	32,000	32,960	33,949	34,967	36,016
Yorba Linda	5,000	5,150	5,305	5,464	5,628
<b>Total</b>	<b>\$ 297,546</b>	<b>\$ 305,676</b>	<b>\$ 314,846</b>	<b>\$ 324,292</b>	<b>\$ 334,020</b>

B. One Time Program Implementation Fee

The City of Arcadia will become a Member Agency under the Agreement effective October 1, 2021. A one-time program implementation fee is not applicable to the City of Arcadia. A one-time program implementation fee is only applicable to Member Agencies being added to this Agreement after October 1, 2021.

C. Data Conversion

The data conversion fee is \$2,000 for the City of Arcadia. George Hills will absorb the data conversion fee if the City of Arcadia does not terminate before October 1, 2022.

D. MMSEA Section 111 Mandatory Reporting

Medicare reporting in compliance with MMSEA Section 111 shall be a \$150 set-up fee per Member Agency and an annual fee of \$250.

E. Vendor Services

All services provided by outside providers/vendors shall be approved by CIPA or appropriate Member Agency and billed at George Hills's actual cost with no "mark-up".

F. Catastrophic Claim

If a claim involves more than ten claimants, the fee shall be mutually agreed upon between CIPA and/or the Member Agency and George Hills.

G. Client Trust Accounting

This service is available to any Member Agencies for an additional fee. Currently, only Brea and Cypress have elected to utilize this service and fees for this service are included in the above identified amounts.

**Article 13. ALLOCATED EXPENSES**

Member Agencies agree to pay for the cost of all extraordinary investigative services where expert and professional assistance is required, such as professional photography, independent medical examinations, professional engineering services, and laboratory services. George Hills shall order such services only upon written authorization of the General Manager or Member Agency's designated representative. Such authority may be given orally where such services are urgently required. Allocated loss adjustment expenses may include the following:

- A. Fees to attorneys for claims in suit and for representation at hearings or pre-trial conferences
- B. All court costs, court fees and court expenses
- C. Fees for service of process
- D. Costs of undercover operative and detective services
- E. Costs for employing experts for the preparation of maps and professional photographs
- F. Accounting, chemical or physical analysis, diagrams and any other type of expert used in the preparation of litigation.
- G. Costs for independent medical examinations and bill review, evaluations for rehabilitation (vocational or physical), pre-certification activities, utilization reviews and other medical cost containment measures to determine the extent of the client's liability

- H. Costs of legal transcripts of testimony taken at coroner's inquests, criminal or civil proceedings, including court reporter fees
- I. Costs for copies of any public records and medical records
- J. Costs and expenses of subrogation when referred to outside attorneys
- K. Excess expenses incurred on salvaged vehicles, where costs exceed value
- L. Cost of automobile appraisals
- M. Costs associated with any necessary investigation, or in connection with attendance at mediations, settlement conferences, trials etc. which are performed 100 miles or more from any Member Agency and more than 50 miles from any of George Hills's office locations. This will be subject to prior approval from Member Agency and actual expenses will be submitted with receipts on a monthly basis. Mileage is paid at the current IRS rate.
- N. Bank service fees, check stock printing costs, and any other related fees to any fund account utilized for the payment of claims for the client
- O. Filings with the Index Bureau, NATB, or PILR, or other regulatory filings
- P. Costs for certified mail, special delivery charges, or other extraordinary expenses when requested by the client or justified by circumstances beyond our control
- Q. Allocated expenses shall be billed at actual cost with no markup by George Hills, with the exception of Index Bureau Requests which will be billed at \$10 per request.

#### **Article 14. INDEMNIFICATION**

George Hills shall defend, indemnify and hold harmless CIPA and/or Member Agencies including its governing board, directors, officers, administrators, employees, and agents, from any and all claims, losses and liabilities against or incurred by CIPA and/or Member Agencies arising out of the actions, omissions to act or other conduct of George Hills, its agents, employees or subcontractors, in the performance of its duties under this Agreement or otherwise in connection with its activities pursuant to this Agreement. This includes, but is not limited to, any breach by George Hills of its duties or responsibilities under the Agreement, as well as any losses occasioned by a failure of George Hills to provide the services contracted for by CIPA pursuant to this Agreement. In addition, George Hills agrees to assume the defense, at George Hills's expense, using attorneys reasonably acceptable to CIPA and Member Agencies of any lawsuit or other proceeding which names CIPA and/or Member Agencies or its directors, officers, employees and agents as defendants arising out of the actions, omissions to act or other conduct of George Hills, its agents, employees or subcontractors, in the performance of its duties under this Agreement or otherwise in connection with its activities pursuant to this Agreement

Wherein George Hills is named in a filed or verified complaint simply by virtue of the fact it is the claims administration firm on a given claim, CIPA and/or Member Agencies will defend George Hills, at no cost to George Hills, provided that a joint defense can be provided by counsel representing CIPA and/or Member Agencies, and further provided that George Hills will reasonably cooperate with such defense.

#### **Article 15. ARBITRATION**

CIPA and George Hills agree that in the event of any dispute arising out of or relating to the provisions of this Agreement, the services rendered, the amount of George Hill's compensation, or any other matters, and the dispute cannot be settled through informal negotiation, the Parties agree first to try in good faith to settle the dispute by through non-binding mediation before resorting to arbitration.

The Parties agree that any and all disputes, claims or controversies arising out of or relating to this Agreement shall be submitted to JAMS, unless another agency is mutually agreed to in

writing and selected by both Parties, for mediation. If the matter is not resolved through mediation, then it shall be submitted to JAMS, or its successor, or another agency is mutually agreed to in writing and selected by both parties for binding arbitration.

Either Party may commence mediation by providing to JAMS and the other Party a written request for mediation, setting forth the subject matter of the dispute, the position of the Party requesting mediation, and the relief requested. The Parties shall cooperate with JAMS and with one another in selecting a mediator from the JAMS panel of neutrals and in scheduling the mediation proceedings within forty-five days of the mediator's appointment, unless otherwise agreed in writing by the Parties. If the Parties are unable to agree informally on a mediator, JAMS shall provide a strike list of no fewer than ten neutrals qualified in the subject matter for the Parties to strike three and rank the remaining neutrals in order of preference and return their strike lists only to JAMS by a date set by JAMS to do so. The neutral with the highest combined ranking shall be the neutral assigned as mediator. The Parties will share equally in JAMS and the mediator's fees and costs. All offers, promises, conduct and statements, whether oral or written, made in the course of the mediation by any of the Parties, their agents, employees, experts and attorneys, and by the mediator or any JAMS employees, are confidential, privileged and inadmissible for any purpose, including impeachment, in any arbitration or other proceeding involving the Parties, provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the mediation.

Either Party may initiate arbitration with respect to the matters submitted to mediation by filing a written demand for arbitration at any time following the initial completion of mediation session. Mediation or informal settlement efforts may continue after the commencement of arbitration but shall not be admissible in or disclosed by any Party in the arbitration unless both Parties agree and memorialize the proposed disclosure a signed writing. Any arbitration shall be conducted in accordance with the Expedited Procedures set forth in the JAMS' Comprehensive Arbitration Rules & Procedures in effect as of the execution of this Agreement, including Rules 16.1 and 16.2 of those Rules. The Parties shall attempt to mutually agree upon a single arbitrator or may, in their discretion, agree to three arbitrators and select those individuals. If unable to do so, there shall be one arbitrator and either Party may request a strike list from JAMS to select that arbitrator from in accordance with JAMS procedures. The arbitrator shall award to the prevailing Party, if any, the costs, litigation expenses and reasonable attorneys' fees reasonably incurred by the prevailing Party in connection with the arbitration, and the JAMS' fees and costs as well as those of the selected arbitrator paid by the prevailing Party.

The arbitration shall be governed by California law. In addition, the parties agree that any mediation and arbitration shall be conducted in the JAMS' offices in Orange County, California as the exclusive forum.

#### **Article 16. INSURANCE REQUIREMENTS**

Insurance requirements are contained in Exhibit 3 attached to and forming a part of this Agreement.

#### **Article 17. LEGAL RESPONSIBILITIES**

George Hills shall comply with all State and Federal laws, as well as all county and municipal ordinances and regulations which in any manner affect the performance of services pursuant to this Agreement, or persons employed by George Hills.

George Hills agrees that in the performance of the terms of this Agreement, no discrimination shall be made in the employment of persons because of race, ethnicity, ancestry, national origin, citizenship, religion, age, sex, including gender identification, sexual orientation or preference, pregnancy, preexisting medical condition, physical or mental disability or handicap or any other factor prohibited under applicable federal or state law.

#### **Article 18. CONFLICT OF INTEREST**

In the event a third-party claimant or a cross-complainant is also a client of George Hills and there is a dispute as to the third-party claimant or cross complainant's liability, George Hills shall immediately notify CIPA for directions on handling of the claim.

George Hills agrees to disclose to CIPA any potential conflicts of interest, including but not limited to other sources of income which could create a potential conflict.

#### **Article 19. MMSEA REPORTING**

All penalties assessed for failure to comply with reporting requirements under MMSEA Section 111 shall be paid, whether directly or through reimbursement, by the party responsible for the assessment of the penalty. If either party disputes the liability for payment of the penalty, the Parties shall negotiate to resolve the dispute. If the dispute is not resolved within thirty (30) days after notice to both Parties of the penalty, then such dispute shall be submitted to arbitration for determination of the party responsible for the assessment and payment of the penalty. The provisions of this Article shall survive any termination of this Agreement.

#### **Article 20. BUSINESS LICENSE.**

George Hills shall maintain a business license for each Member Agency as required.

#### **Article 21. ASSIGNMENT OF AGREEMENT**

George Hills shall not assign, sublease, hypothecate, or transfer this Agreement or any interest therein directly, or indirectly, by operation of law or otherwise. Any attempt to do so shall be null and void, and any assignee, sublessee, hypothecate or transferee shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

#### **Article 22. WAIVER**

A waiver by CIPA of any breach of any term, covenant, or condition contained herein shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, or condition contained herein whether of the same or a different character.

#### **Article 23. ENTIRE AGREEMENT**

This instrument contains the entire Agreement between the Parties relating to the rights herein granted and the obligations herein assumed. Any oral representations or modifications concerning this instrument shall be of no force or effect. Such representations or modification shall be made in writing.

#### **Article 24. SEVERABILITY**

If any provision of this Agreement is held by a competent court to be invalid, void or unenforceable, the remaining provisions shall nevertheless continue in full force and effect. The validity of this Agreement and of any of its terms and provisions shall be interpreted pursuant to the Laws of the State of California.

#### **Article 25. MISCELLANEOUS**

This Agreement shall be governed by, and construed in accordance with, the laws of the State of California. If any of the provisions of this Agreement shall be held by a court or other tribunal of competent jurisdiction to be unenforceable, the remaining portions of this Agreement shall remain in full force and effect.

Any modifications of this Agreement must be in writing and signed by both Parties.

Each Member of CIPA identified herein shall be a third-party beneficiary of this Agreement with the right to enforce the provisions of this Agreement against George Hills.

CIPA and George Hills intend to benefit the Member Agencies through the execution of this Agreement and agree that any Member Agency may enforce any obligation of George Hills set forth herein.

**Article 26. NOTICES**

All notices required or permitted hereunder shall be sent to the other party at the following addresses, or at such other address as may be provided in writing to the other party from time to time:

To George Hills:                      John Chaquica  
   Chief Executive Officer  
   George Hills Company, Inc.  
   278 PO Box  
   Rancho Cordova, CA 95741  
   [John.Chaquica@georgehills.com](mailto:John.Chaquica@georgehills.com)

To CIPA:                                      Janet D. Kiser  
   General Manager  
   California Insurance Pool Authority  
   366 San Miguel Drive  
   Suite 312  
   Newport Beach, CA 92660  
   [jk@kiserco.com](mailto:jk@kiserco.com)

In witness whereof the Parties hereto have signed this Agreement as of the date set forth in Article 1.

**CIPA:** California Insurance Pool Authority

  
\_\_\_\_\_  
Authorized Signature

Janet Kiser  
\_\_\_\_\_  
Print Name

General Manager  
\_\_\_\_\_  
Title

9/23/21  
\_\_\_\_\_  
Date

**GEORGE HILLS:** George Hills Company, Inc.

  
\_\_\_\_\_  
Authorized Signature

John Chaquica  
\_\_\_\_\_  
Print Name

CEO  
\_\_\_\_\_  
Title

9/22/21  
\_\_\_\_\_  
Date

**CALIFORNIA INSURANCE POOL AUTHORITY**

**MINIMUM PERFORMANCE STANDARDS FOR  
LIABILITY CLAIMS ADMINISTRATION POLICY**

Member Agencies shall either incorporate these minimum performance standards into signed agreements with their claims administrator or obtain a signed acknowledgement from their claims administrator that they will comply with the Minimum Performance Standards established by California Insurance Pool Authority (CIPA). Copies of the agreements or signed acknowledgments shall be provided to CIPA. Claims will be audited for conformance with this Policy.

This Policy is divided into the following sections:

1. CASELOADS
2. COMMUNICATION
3. INVESTIGATIONS
4. FILE REVIEW & DOCUMENTATION
5. REPORTING
6. LITIGATION MANAGEMENT
7. CLAIM RESOLUTION AND SETTLEMENT AUTHORITY
8. PAYMENTS & RESERVES
9. EXCESS INSURANCE REPORTING
10. SUPERVISORY REVIEW
11. SUBROGATION
12. MEDICARE REPORTING

**1. CASELOADS**

- A. Caseloads for claims examiners shall not exceed 175 claims, unless approved in writing by the Member Agency and/or CIPA.
- B. Supervisory personnel shall not handle a caseload. Exceptions may be made for a small number of claims involving special issues.
- C. Administrator shall provide CIPA and Member Agency with an accounting of caseloads each June 30 and December 31. The accounting for each examiner shall include (1) the name or pseudo name of all assigned clients; and (2) the number of claims for each client. Each examiner shall sign acknowledgement of their claims count and provide to CIPA and Member Agency.

**2. COMMUNICATION**

- A. If claimant is not represented by an attorney, contact claimant within twenty-four (24) hours of receipt of a claim and maintain appropriate contact with them until the claim is

closed, unless otherwise directed by the Member Agency. If claimant not contacted, the reason shall be documented in file.

- B. Telephone calls will be returned within twenty-four (24) hours. If the staff member called is not available within this timeframe, another designated staff member will return the call.
- C. All written communications received shall be stamped with date of receipt.
- D. Respond to emails within forty-eight (48) hours, unless an immediate response is required. If staff member does not have the information being requested at the time they respond, the response should include a date by which they will provide the requested information.
- E. Claims Administrator shall respond to all other written communications within five (5) business days of receipt or sooner if an immediate response is required.

### **3. INVESTIGATIONS**

- A. When required on non-litigated claims, statements from or interviews with claimant(s) and witnesses shall be taken within three (3) business days of receipt of a claim. Statements will be preserved by recording or taking hand-written signed statements and interviews shall be documented.
- B. Examiner shall take steps to ensure proper preservation of evidence.
- C. Further investigate claims where the initial review indicates that it is warranted. Further investigation may include, but not be limited to, on-site investigation, taking photographs, interviewing witnesses, taking signed or recorded statements, verifying damage or loss, taking measurements, or obtaining maps/diagrams, medical releases, police reports, vendor contracts, third-party contracts, insurance documents, internal operations investigations, paramedic reports, marine department reports, building permits, or other records as required. Initial investigations shall be completed within forty-five (45) calendar days of receipt. The efforts to complete the initial investigation and any further investigations shall be documented in the file, including any reason for delay.
- D. Within forty-five (45) calendar days, identify and document in the file all liability issues, including but not limited to immunities, comparative negligence, joint tortfeasors, and joint and several liability
- E. Within forty-five (45) calendar days, identify and document in the file all damages, including property damage, nature and extent of injuries, medical costs, lost wages, and non-economic damages. The efforts to complete shall be documented in the file, including any reason for delay.
- F. Evaluate need to utilize experts and obtain approval from Member Agency, and CIPA if indicated.
- G. Within fifteen (15) calendar days of receipt of claim, report bodily injury cases to the Index Bureau and re-index as needed. If not reported, the reason shall be documented in file.
- H. Within three (3) business days of receipt of a claim, arrange for appraisal of damaged property when indicated. If appraisal not obtained, the reason shall be documented in file.
- I. Investigative assignments to outside vendors will only be made with approval from Member Agency, and CIPA if indicated

- J. All notices, including claim insufficiency, late claims, rejections, etc., shall be done in accordance with the relevant Governmental Code provisions.

#### **4. FILE REVIEW & DOCUMENTATION**

- A. Claims will be initially reviewed and entered in the computer system within twenty-four (24) hours of receipt.
- B. Calendar all files at appropriate intervals and no less frequently than every sixty (60) calendar days to allow for timely completion of required activity. Rejected claims shall be diaried every ninety (90) days or as directed by Member Agency.
- C. All activity, including phone calls, correspondence and the rationale for decisions shall be clearly and concisely documented in the files.
- D. All correspondence shall be contained in the file.
- E. Notes and activities entered in the computer system must be dated and identify who completed the entry.
- F. File notes shall not be copied from prior entries without reviewing for relevance and accuracy.
- G. An active case strategy shall be documented in the file until closure.
- H. Maintain accurate and complete records of all payments.
- I. Provide Member Agency and CIPA with copies of file correspondence and documentation as requested.
- J. All files shall be reviewed for closure and closed within seven (7) calendar days from date all issues have been resolved.

#### **5. REPORTING**

- A. Provide first status report within thirty (30) calendar days of receipt of claim to Member Agency. Send report to CIPA General Manager when claim meets designated criteria.
- B. Subsequent status reports shall be provided no less than every ninety (90) calendar days. Status reports shall focus on changes in liability analysis, damages, and reserves.
- C. Provide Member Agency and CIPA, if applicable, with a status report outlining the facts of the case, results of investigations, primary issues, requested action and any related documentation within fourteen (14) calendar days of receipt of lawsuit.
- D. Provide clear and concise narrative reports when recommending rejection or settlement of a claim, when claim is going to trial, or when other significant events occur.
- E. CIPA shall be provided with closing documents and an accounting of the final paid amounts within fifteen (15) calendar days from the day the final defense bill is paid on claims involving CIPA funds.

#### **6. LITIGATION MANAGEMENT**

- A. Forward Litigation Acknowledgement Form to defense attorneys when case assigned (do not wait until lawsuit filed). The claims administrator shall follow-up no less than every five (5) business days for receipt of Litigation Acknowledgement Form, as expenses

incurred prior to receipt do not count toward a Member Agency's self-insured retention (SIR).

- B. If the billed amount of attorney's fees and costs exceed seventy-five (75) percent of the total budget, then George Hills shall request an updated budget.
- C. Defense attorneys shall copy CIPA on all correspondence related to reportable claims. George Hills shall immediately notify the defense attorney if CIPA is not copied on any correspondence.
- D. Assist trial attorney in preparation of litigation and negotiation of settlements at request of Member Agency and/or CIPA and provide trial attorney with all necessary documentation.
- E. Assist trial attorney in answering interrogatories.
- F. Attend mediations, mandatory and voluntary settlement conferences, and arbitrations as requested.
- G. Assist Member Agency's designated representative in small claims actions.
- H. Monitor performance of vendors for appropriateness of work and cost effectiveness. Any deficiencies should be reported to Member Agency and, if applicable, to CIPA.
- I. Claims Administrator is responsible for monitoring compliance with the Liability Program Defense Counsel Policy. The Member Agency and CIPA, if applicable, shall be copied on follow-up requests to defense attorneys when out of compliance. All claims administrators are responsible for being fully knowledgeable of requirements in the Liability Program Defense Counsel Policy.

#### **7. CLAIM RESOLUTION AND SETTLEMENT AUTHORITY**

- A. Process any claim or potential claim for settlement in accordance with instructions and policies of Member Agency and in accordance with the California Government Code.
- B. Obtain a fully executed release on all settlements and dismissals.
- C. All settlement offers requiring any payment or potential payment from CIPA must be approved in writing in advance by CIPA. Neither the examiner nor legal counsel shall make any recommendations or commitments to injured employees or their legal counsel for settlements that involve or potentially involve CIPA funds without CIPA's prior approval.
- D. Proof of settlement authorization from the Member Agency and CIPA, if applicable, shall be maintained in the file.

#### **8. PAYMENTS & RESERVES**

- A. Review and process payments within authority level within twenty (20) calendar days of receipt.
- B. Each claim shall be reserved at the most probable outcome and evaluated based on the merits of the claim. This includes but is not limited to damages, past and future medical expenses, loss of income, pain and suffering, plaintiff's attorney fees, defense costs, comparative negligence, facts of loss, defense counsel evaluations, and jury verdicts. The file shall document the rationale for the reserves.

- C. At all times, reserves shall reflect the current information in the file and reserves shall be reviewed for adequacy at each diary review and no less frequently than every ninety (90) calendar days and the file shall document this required review of reserves.
- D. Review proposed reserve changes with CIPA General Manager prior to making changes on any claims with potential exposure to CIPA.

#### **9. EXCESS INSURANCE REPORTING**

- A. Claims administrator shall report to the reinsurance/excess insurance carrier(s), including CIPA, in accordance with reporting requirements established by CIPA and each insurance carrier above CIPA.
- B. Quarterly reporting shall be in a format prescribed by CIPA, as may be modified from time to time.
- C. As defined by CIPA's Memorandum of Coverage, all claims with reserves or potential payments, including defense costs that are 50% or more of a Member Agency's SIR, or involving any of the following, shall be considered "excess claims" and reported in writing to the General Manager of CIPA within two (2) business days after receipt by claims administrator.
  - 1) Paralysis – Paraplegia, Quadriplegia
  - 2) Loss of eye(s) or limb(s)
  - 3) Spinal cord or brain injury
  - 4) Sensory organ or nerve injury, or neurological deficit
  - 5) Serious burns
  - 6) Substantial disability or disfigurement
  - 7) Death
  - 8) Amputation or loss of use of a major extremity
  - 9) Rape, sexual abuse offense/molestation of any individual
  - 10) Any disability where it appears reasonably likely that there will be disability that lasts for more than one year
  - 11) Class Action
  - 12) Employment Practices Liability claims regardless of claim reserves

#### **10. SUPERVISORY REVIEW**

- A. Supervisors shall review claims no less frequently than every 120 calendar days. The supervisor shall document the scope of the review and include any recommendations.

#### **11. SUBROGATION**

- A. Subrogation possibilities will be identified within five (5) business days after a claim is opened, or within five (5) business days after information is available that subrogation may exist. The claim file shall document subrogation possibilities and all action related to pursuing.

- B. The party responsible for the injury shall be notified of the Member Agency's or CIPA's right to subrogation within fourteen (14) calendar days after the identity of the responsible party is known by claims administrator.
- C. Contact with the responsible party and/or insurer to provide notification of the amount of estimated recovery shall be made at least every sixty (60) calendar days or sooner if costs escalate.
- D. Member Agency's approval is required to waive pursuit of subrogation or agree to a settlement of a third-party recovery. This approval shall be documented in the claim file.
- E. CIPA's approval is required to waive pursuit of subrogation or agree to a third-party settlement if there is potential for the claim to exceed the Member Agency's SIR.

## **12. MEDICARE REPORTING**

- A. Claims Administrator shall report all claims in compliance with Medicare, Medicaid, and SCHIP Extension Act (MMSEA) Section 111 Mandatory reporting.
- B. Medicare eligibility shall be documented in the file no later than at the time the file is evaluated for settlement.

**Amended and Approved by the Board of Directors on June 29, 2020**

**Repeals April 10, 2018 Minimum Claims Performance Standards for Third Party Liability Claims Administration Policy**

**CALIFORNIA INSURANCE POOL AUTHORITY**  
**LIABILITY PROGRAM DEFENSE COUNSEL POLICY**

**INTENT**

The Board of Directors of California Insurance Pool Authority (the “**Authority**”) adopted the Liability Program Defense Counsel Policy (the “**Policy**”) by resolution on April 30, 2018.

The Policy is intended as a tool for both Member Agencies and the Authority to equitably manage and control expenses and shall apply to all defense counsel defending a claim brought against a Member Agency, regardless of whether there is any exposure to the Authority. The Authority will not reimburse a Member Agency for any defense costs incurred that are not in conformance with this Policy.

Defense counsel shall review, acknowledge, and comply with the terms of this Policy, which is divided into the following sections:

INTENT

LITIGATION MANAGER

GENERAL MANAGER

DEFENSE COUNSEL ACKNOWLEDGEMENT

REPORTING REQUIREMENTS

BILLING LEGAL EXPENSES

- A. BILLING PROCEDURES
- B. TRAVEL EXPENSES
- C. STAFFING
- D. RESEARCH
- E. BILLABLE EXPENSES
- F. OVERHEAD EXPENSES NOT BILLABLE
- G. EXCEPTIONS

**LITIGATION MANAGER**

The third-party adjuster for each Member Agency shall be referred to herein, individually, and collectively, as the “**Litigation Manager**.” The Litigation Manager is responsible for monitoring compliance with this Policy.

The Authority has contracted with its own third-party administrator, who acts as the Litigation Manager on behalf of the Authority, to handle claims with potential exposure to the Authority. Defense counsel shall copy the Authority’s Litigation Manager and General Manager on all

correspondence and status reports. The Authority's Litigation Manager is responsible for providing direction on all claims identified as having potential exposure to the Authority.

### **GENERAL MANAGER**

The General Manager of the Authority is directed to require adherence to the Policy for all counsel retained by a Member Agency and appointed by the Authority for the defense of a covered claim that is identified as reportable to the Authority. As used herein, "**Reportable Claim**" means any claim reportable to the Authority pursuant to the Excess Liability Program Claims Handling Policy.

### **DEFENSE COUNSEL ACKNOWLEDGEMENT**

Prior to commencing work on a claim, written acknowledgement and acceptance of the Policy shall be required of any law firm, or in-house counsel, retained by a Member Agency or the Authority. The Litigation Manager will provide defense counsel with the acknowledgement form for signature. A copy of the signed acknowledgement shall be sent to the General Manager for all Reportable Claims.

### **REPORTING REQUIREMENTS**

Defense counsel shall provide the following written status reports to the Litigation Manager, Member Agency, and General Manager (if a Reportable Claim):

- A. Within 45 days of defense counsel's receipt of a claim, a report that summarizes the legal issues presented, a litigation budget, an evaluation of liability, and the potential for settlement or other resolution, in the form reasonably requested by the Litigation Manager.
- B. Every 90 days ("**Quarterly Reports**") and whenever there are significant developments in the case, a report that sets forth counsel's analysis of the case, and a revised budget, if necessary. With respect to the Quarterly Reports, defense counsel shall only include a short summary of the pertinent facts and any new developments since the last report. It is not necessary to repeat information previously reported. An informal email report is encouraged for Quarterly Reports with minimal case developments since the prior report.
- C. At least 30 days prior to any settlement conference, arbitration, mediation or trial, a report that outlines the posture of the case, pros and cons of proceeding, probability of an adverse result, and likely range of the award or verdict. Any requests for settlement authority shall also be included in this report.
- D. Within 20 days after trial or settlement, provide an evaluation of the case, including prospects for appeal.

Defense counsel shall promptly send copies of all pleadings, motions, settlement offers, and other relevant legal documents and correspondence to the Litigation Manager, Member Agency, and General Manager (if a Reportable Claim). Additionally, defense counsel shall obtain the advance approval of the Litigation Manager prior to scheduling depositions, retaining experts, hiring outside investigators, and any other activities in accordance with the Policy.

Prior to settling any claim or lawsuit or making a settlement offer in any amount, defense counsel shall obtain the advance approval of the Litigation Manager and Member Agency. If the settlement amount plus defense costs exceeds a Member Agency's self-insured retention, then defense counsel shall also seek settlement authority from the General Manager.

Defense counsel may be notified that excess insurance or reinsurance, above the Authority, needs to be included on all status reports and correspondence. If so, defense counsel shall include all required parties.

## **BILLING LEGAL EXPENSES**

Billing of legal expenses shall include a full description of services provided, along with a clear explanation of the purpose of the work performed. No expenses considered to be overhead will be charged. Reasonable expenses will be reimbursed with proper documentation.

### **A. BILLING PROCEDURES**

1. **Frequency of billing:** A complete, detailed statement for services rendered shall be submitted monthly. If an invoice balance is less than \$500 (other than a final invoice), counsel should skip the invoice cycle, and include the amount in the next regularly scheduled legal invoice. However, if that next invoice would still be in an amount under \$500, counsel may submit that amount for payment.
2. **Billing increment:** The minimum billing increment is .10 of an hour.
3. **Billing information:** All bills shall contain the following information:
  - a. Case name
  - b. Claim number
  - c. Dates of service
  - d. Full description of services
  - e. Attorney or other person providing services
  - f. Billing rate for each person providing service
  - g. Actual time spent by each person on each activity
  - h. Itemized list of disbursements and totals
  - i. Total fees and expenses on current invoice
  - j. Cumulative costs since inception
  - k. Amounts paid to date and current outstanding balance
4. **Description of work performed:** Each legal activity must be clearly defined. Vague descriptions of services which do not describe the precise nature of the work performed will not be paid. Vague descriptions include, but are not limited to, the following:
  - a. Research
  - b. Strategy
  - c. Analysis
  - d. Discovery
  - e. Conference
  - f. Preparation
  - g. Review

Examples of detailed descriptions include, but are not limited to, the following:

- a. The identity of participant(s), what was discussed and purpose (telephone calls, correspondence, meetings)
- b. The purpose of a court hearing/conference, and name(s) of attendees
- c. The identity of each deponent/interviewee
- d. The purpose of extensive review of transcripts (deposition or trial)
- e. The specific issue researched
- f. The specific non-deposition discovery worked on and the nature of the work performed

- g. The specific trial preparation performed
  - h. The specific motion worked on and the nature of the work performed
  - i. The identity of material/documents reviewed
5. **Block billing:** Multiple activities lumped together will not be paid. Each activity must be shown and charged for separately. Time entries should be grouped only where activity takes less than one tenth of an hour, and grouping is necessary to avoid minimum increment billing.
  6. **Value billing or task specific flat charges:** No minimum time amounts should be allocated to any task. All task entries should reflect the actual amount of time spent performing such tasks.
  7. **Excessive time:** All motions exceeding eight hours require advance written approval. The Litigation Manager must be contacted before proceeding with demurrers, motions for summary judgement, and any other motions for which significant research and preparation time will be required, or which can seriously impact the direction of a case. The time to summarize discovery and depositions and prepare correspondence must also be reasonable when compared to the content and purpose. Deposition summaries shall include a concise analysis of the credibility of the witness and evaluation of the impact of critical deposition testimony but shall be no longer than three pages in length.
  8. **Quarterly Reports:** No more than one and a-half hours per case for this summary should be billed without advance written approval.
  9. **Apportioning time:** When work is performed on multiple matters in addition to the case being billed, only that portion of actual time spent on the matter should be billed. Such situations often arise during delays at court appearances, and other situations where delays are unavoidable.
  10. **Reimbursement of cost items:** Expenses under \$1,000 will be paid by the law firm and included in the monthly billings for reimbursement. Written approval for deposition, experts, and outside investigators must be obtained in advance. Actual receipts for expenses over \$25 must accompany the request for reimbursement. Reasonable costs will be reimbursed at the actual cost, with no markup. Each expense must be itemized to determine the exact nature, purpose, and necessity of expense.
  11. **Preparation of invoices:** Preparation of invoices, review by attorney, and negotiation of billing questions are considered overhead and shall not be charged separately.
  12. **Review of Invoices:** Counsel shall review all invoices before they are finalized. No invoices shall be increased without documentation and justification.
  13. **Interest charges:** Undisputed invoices in the required format will be promptly processed. Interest will not be paid for any late payment of fees or disbursements.
  14. **Rate increase:** Rate increases will only be paid with advance written approval.
  15. **Submission of Invoice:** All invoices shall be submitted to the Litigation Manager for review and processing. Thereafter, the Litigation Manager will either directly pay the invoice or distribute the invoice to the Member Agency for payment.

16. **Final Invoice:** The last legal invoice submitted to the Litigation Manager on a resolved matter shall be marked "FINAL INVOICE." Upon receipt of this invoice, the Litigation Manager will close the file.

## B. TRAVEL EXPENSES

1. **Travel time:** Travel time by automobile will be compensated at the full hourly rate when work cannot be performed. Travel time by airplane will be compensated at one-half the hourly rate, however, when work is performed on our behalf on the airplane, travel time will be reimbursed at the full hourly rate. No billing shall occur during time working for other clients.
2. **Out of town travel:** Out of town travel must be approved in advance. Each expense must be separately identified with the amount and date incurred, and receipts for all items over \$10 must be provided. Travel expenses must be apportioned between all clients, based on time billed to each client. The following items will be reimbursed:
  - a. **Airfare:** Coach or economy rate will be paid. Airline vouchers must be submitted for reimbursement.
  - b. **Hotels:** Moderately priced hotels will be reimbursed, and if available, hotels providing discounts should be requested.
  - c. **Meals:** Charges must be reasonable
  - d. **Rental Cars:** Intermediate class cars will be reimbursed. Rental cars must be refueled prior to returning to the rental agency. Insurance coverage is not payable.
  - e. **Personal Items:** Toiletries, laundry service, in-room movies and other personal services will not be paid.

## C. STAFFING

1. **Attorney assignment:** With the approval of the Litigation Manager, the lead counsel within the firm who will be accountable for the conduct of the engagement and directly involved in the representation should be designated. In general, the Authority maintains a "one lawyer-one file" policy. However, the Authority realizes that on more sophisticated exposures there may be circumstances where "one lawyer-one file" is not a sufficient response. Pre-approved, qualified partners, associates and paralegals with relevant experience may be used when the goals of the case management plan necessarily require the use of additional professional resources. However, the use of additional professional legal resources must be approved in advance in writing by the Litigation Manager, preferably when the initial case strategy is formulated. The work of others on the case that are not on the "team" shall not be billed without prior approval by the Litigation Manager. Billing rates shall be agreed to in advance for each attorney on the team. Assignments will be made to attorneys with the appropriate level of expertise. Requests not to assign a specific attorney will be honored.
2. **Attorney billable hours:** Only those tasks performed by an attorney will be billed at attorney rates. All work will be performed at the appropriate level. Improper staffing assignments are not payable.
3. **Multiple staff:** More than one attorney will not be paid for doing any task, including appearances at court, depositions, trials, and reviewing and analyzing

documentation and legal research. Exceptions must be approved in advance in writing.

4. **Internal conferencing:** Time for internal conferences, emails, telephone calls or other communications among members of the team or support staff will not be paid, unless approved in advance.
5. **Change in attorney assignment:** If changes are made to the attorneys on the team, the time required for new attorneys to become familiar with a matter due to the reassignment of work will not be paid, unless the change is at our request.
6. **Paralegal:** Paralegals should be used for those aspects of a lawsuit, such as page/line deposition summaries and medical records summaries, which do not have to be performed by an attorney. Assignment to a paralegal should not result in duplicative reworking by an attorney. Paralegals will not be paid for performing clerical work.
7. **Appropriate Staffing:** Clerical work performed by fee generating personnel or paralegal work performed by attorneys will not be paid.

#### D. RESEARCH

1. **Routine research:** Routine or elementary legal research, including issues considered to be common knowledge among reasonably experienced counsel, will not be paid.
2. **Updating work product:** Prior research completed for other matters or files will not be paid. Only that portion of the actual time spent on research that updates the work product will be paid.
3. **Authorization of research:** Research more than five hours must be approved in advance.
4. **LEXIS/WESTLAW or other on-line services:** Only the actual cost of computerized legal research will be paid.

#### E. BILLABLE EXPENSES

1. **Photocopying:** Reimbursement will be at actual cost not to exceed 10 cents per page. Discretion should be used in the number of photocopies made. An outside copy service should be used whenever cost-effective. Substantial copying projects should be competitively bid. Bills must provide the number of copies, per page rate and total amount.
2. **Certified/Registered mail:** Charges will be billed at actual cost and should be used with discretion.
3. **Long Distance Telephone:** The actual cost of long-distance calls will be paid. Local calls will not be reimbursed.

#### F. OVERHEAD EXPENSES NOT BILLABLE

The following are examples of expenses that are considered overhead and included in the attorney's hourly billing rates. A separate charge for these items is not billable:

1. **Non-attorney/Non-paralegal staff:** Work performed by support staff, including administrative staff, library staff and file clerks. Exceptions must be authorized in advance.

2. **Clerical work:** All clerical work, including clerical work performed by fee generating personnel.
3. **Word Processing**
4. **Preparation of bill:** Preparation, review and resolving billing questions.
5. **Internal delivery/courier:** All correspondence should be delivered electronically, unless directed otherwise by a Member Agency. Exceptions must be approved in advance and less costly than outside services.
6. **Summer Associates/Summer Interns**
7. **Trial preparation when trial is not imminent**
8. **Page/line summaries of depositions:** With prior approval, summaries will only be paid if trial or use is imminent.
9. **Correcting work:** Proofreading, editing, and correcting substandard work product.
10. **Organizing files**
11. **Opening files:** The administrative process involved with opening or closing files.
12. **Training and education**
13. **Staff supervision**
14. **Document stamping**
15. **Arranging travel accommodations**
16. **Staff overtime charges**
17. **Local telephone charges**
18. **Ordinary postage**
19. **Publications and books**
20. **Office supplies**
21. **Software**
22. **Rental equipment**
23. **Conference rooms**
24. **Refreshments and entertainment**

#### **G. EXCEPTIONS**

Any exceptions to this Policy must be approved in advance in writing by the Litigation Manager. Member Agencies may also have additional requirements that will be attached to this Policy.

Amended and Approved by the Board of Directors on June 29, 2020

Repeals April 30, 2018 Liability Program Defense Counsel Policy.

## CALIFORNIA INSURANCE POOL AUTHORITY

### INSURANCE REQUIREMENTS

CIPA reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances. If the existing policies do not meet the insurance requirements set forth herein, George Hills agrees to amend, supplement or endorse the policies to do so.

Without limiting the indemnity provisions of the Agreement, George Hills shall procure and maintain in full force and effect during the term of the Agreement, the following policies of insurance.

#### 1. Minimum Scope of Insurance

Coverage shall be at least as broad as:

- A. **Commercial General Liability (CGL)** which affords coverage at least as broad as Insurance Services Office "occurrence" form CG 00 01, including products and completed operations, property damage, bodily injury, and personal & advertising injury with limits no less than \$1,000,000 per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
- B. **Automobile Liability** with coverage at least as broad as Insurance Services Office Form CA 0001 covering "Any Auto" (Symbol 1) with limit no less than \$1,000,000 each accident for bodily injury and property damage.
- C. **Workers' Compensation** as required by the State of California with statutory limits, and Employer's Liability Insurance with a limit of not less than \$1,000,000 per accident for bodily injury or disease.
- D. **Professional Liability** with limit of not less than \$2,000,000 each claim and \$3,000,000 aggregate. Covered professional services shall specifically include all work to be performed under the Agreement and delete any exclusion that may potentially affect the work to be performed.
- E. **Cyber Privacy Liability** in an amount not less than \$2,000,000 per claim and annual aggregate, covering (1) all acts, errors, omissions, negligence, infringement of intellectual property; (2) network security and privacy risks, including but not limited to unauthorized access, failure of security, breach of privacy perils, wrongful disclosure, collection, or negligence in the handling of confidential information, privacy perils, including coverage for related regulatory defense and penalties; (3) data breach expenses payable whether incurred by CIPA, Member Agencies or George Hills, including but not limited to consumer notification, whether or not required by law, computer forensic investigations, public relations and crisis management firm fees, credit file or identity monitoring or remediation services in the performance of services for City or on behalf of City hereunder.

The policy shall contain an affirmative coverage grant for bodily injury and property damage emanating from the failure of the technology services or an error or omission in the content/information provided.

If a sub-limit applies to any elements of coverage, the certificate of insurance evidencing the coverage above must specify the coverage section and the amount of the sub-limit.

- F. **Crime Bond** in amount not less than \$2,000,000 to include at a minimum employee theft, forgery or alteration, computer fraud and funds transfer fraud.

## 2. **Endorsements**

Insurance policies shall not comply if they include any limiting provision or endorsement. The insurance policies shall contain, or be endorsed to contain, the following provisions:

### A. **Commercial General Liability**

- (1) **Additional Insured:** California Insurance Pool Authority and Member Agencies, elected officials, officers, employees, volunteers, boards, agents and representatives shall be additional insureds with regard to liability and defense of suits or claims arising out of the work or operations performed by or on behalf of George Hills including materials, parts or equipment furnished in connection with such work or operations.

Additional Insured Endorsements shall not:

- a. Exclude "Contractual Liability"
- b. Be limited to "Ongoing Operations"
- c. Restrict coverage to the "sole" liability of George Hills
- d. Exclude "Third-Party-Over Actions"
- e. Contain any other exclusion contrary to the Agreement

Additional Insured Endorsements shall be at least as broad as ISO Form(s) CG 20 10 11 85; or CG 20 10 and CG 20 37.

- (2) **Primary Insurance:** This insurance shall be primary and any other insurance whether primary, excess, umbrella or contingent insurance, including deductible, or self-insurance available to the insureds added by endorsement shall be in excess of and shall not contribute with this insurance. Coverage shall be at least as broad as ISO CG 20 01 04 13.

### B. **Auto Liability**

- (1) **Additional Insured:** California Insurance Pool Authority and Member Agencies, elected officials, officers, employees, volunteers, boards, agents and representatives shall be additional insureds with regard to liability and defense of suits or claims arising out of the work or operations performed by or on behalf of George Hills.

- (2) **Primary Insurance:** This insurance shall be primary and any other insurance whether primary, excess, umbrella or contingent insurance, including deductible, or self-insurance available to the insureds added by endorsement shall be in excess of and shall not contribute with this insurance.

### C. **Workers' Compensation**

- (1) **Waiver of Subrogation:** A waiver of subrogation stating that the insurer waives all rights of subrogation against the indemnified parties.

### **3. Insurance Obligations**

The insurance obligations under this Agreement shall be: (1) all the insurance coverage and/or limits carried by or available to George Hills; or (2) the minimum insurance coverage requirements and/or limits shown in this Agreement; whichever is greater. Any insurance proceeds more than or broader than the minimum required coverage and/or minimum required limits, which are applicable to a given loss, shall be available to CIPA and Member Agencies. No representation is made that the minimum insurance requirements of this Agreement are sufficient to cover the obligations of George Hills under this Agreement.

### **4. Notice of Cancellation**

Required insurance policies shall not be cancelled or the coverage reduced until a thirty (30) day written notice of cancellation has been served upon CIPA, except ten (10) days shall be allowed for non-payment of premium.

### **5. Waiver of Subrogation**

Required insurance coverages shall not prohibit George Hills from waiving the right of subrogation prior to a loss. George Hills shall waive all rights of subrogation against the indemnified parties and policies shall contain or be endorsed to contain such a provision. This provision applies regardless of whether CIPA has received a waiver of subrogation endorsement from the insurer.

### **6. Evidence of Insurance**

All policies, endorsements, certificates, and/or binders shall be subject to approval by the CIPA as to form and content. These requirements are subject to amendment or waiver only if so, approved in writing by the CIPA. CIPA reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf. At least fifteen (15) days prior to the expiration of any such policy, evidence of insurance showing that such insurance coverage has been renewed or extended shall be filed with the CIPA. If such coverage is cancelled or reduced, George Hills shall, within ten (10) days after receipt of written notice of such cancellation or reduction of coverage, file with CIPA evidence of insurance showing that the required insurance has been reinstated or has been provided through another insurance company or companies.

### **7. Deductible or Self-Insured Retention**

Any deductible or self-insured retention must be approved in writing by CIPA and shall protect the indemnified parties in the same manner and to the same extent as they would have been protected had the policy or policies not containing a deductible or self-insured retention. CIPA may require George Hills to purchase coverage with a lower retention or provide proof of ability to pay losses and related investigations, claim administration and defense expenses within the retention. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either George Hills, CIPA or Member Agency.

### **8. Contractual Liability**

The coverage provided shall apply to the obligations assumed by George Hills under the indemnity provisions of this Agreement.

#### **9. Failure to Maintain Coverage**

George Hills agrees to suspend and cease all operations hereunder during such period as the required insurance coverage is not in effect and evidence of insurance has not been furnished to CIPA. CIPA shall have the right to withhold any payment due until George Hills has fully complied with the insurance provisions of this Agreement.

If George Hills's operations are suspended for failure to maintain required insurance coverage, George Hills shall not be entitled to an extension of time for completion of the work because of production lost during suspension.

#### **10. Acceptability of Insurers**

Each such policy shall be from a company or companies with a current A.M. Best's rating of no less than A:VII and authorized to do business in the State of California, or otherwise allowed to place insurance through surplus line brokers under applicable provisions of the California Insurance Code or any federal law. Any other rating must be approved in writing by CIPA.

#### **11. Claims Made Policies**

If coverage is written on a claims-made basis, the retroactive date on such insurance and all subsequent insurance shall coincide or precede the effective date of the initial George Hills's Agreement with CIPA and continuous coverage shall be maintained, or an extended reporting period shall be exercised for a period of at least five (5) years from termination or expiration of this Agreement.

#### **12. Insurance for Subcontractors**

No subcontractors shall be used unless authorized by CIPA. If authorized, George Hills shall be responsible for causing Subcontractors to purchase the same types and limits of insurance in compliance with the terms of this Agreement, including adding CIPA and Member Agencies as Additional Insureds, providing Primary and Non-Contributory coverage and Waiver of Subrogation to the Subcontractor's policies. The Commercial General Liability Additional Insured Endorsement shall be on a form at least as broad as CG 20 38 04 13.