

## ADMINISTRATIVE SERVICES AGREEMENT

No. **SHD-962488**

Between: **Yosemite Community College District**  
("Employer")

**LIFE INSURANCE COMPANY OF NORTH AMERICA**  
Philadelphia, Pennsylvania  
("Company")

Effective Date: October 1, 2014

**WHEREAS**, Employer sponsors a self-funded short term disability benefits plan (the "Plan") for its eligible employees; and

**WHEREAS**, Company is qualified and experienced to administer benefits under plans similar to the Plan; and

**WHEREAS**, Employer desires to retain Company to provide the services specified herein for the proper administration of the Plan;

**IN CONSIDERATION OF** the mutual promises herein contained, the parties agree as follows.

### **Section 1. The Plan.**

As used in this Agreement, "Plan" refers to the short term disability benefits plan provided by Employer to its employees, together with any modifications to the Plan made in accordance with this Section. Copies of the Plan Documents and Summary Plan Description as existing on the effective date of this Agreement are included as Schedule C. Employer represents and warrants that it has furnished participants with the Summary Plan Description and that the Summary Plan Description contains a complete and accurate description of the benefits provided by the Plan and is not altered or supplemented by any other Plan Document.

Employer reserves the right to modify, amend, or terminate the Plan. Employer agrees to notify Company in writing of any such modification, amendment or termination, or of any acquisition, divestiture, merger or other corporate reorganization which may affect employee eligibility. Implementation of any of the foregoing shall be mutually agreed upon by the Employer and Company subject to data processing systems changes, retroactive effective dates, adjustments in Company's compensation, and other adjustments and procedure changes made necessary thereby.

Company is entitled to rely on the terms of the Plan as set forth in Schedule C and shall not be responsible for administering any changes in the Plan until 30 days after receipt of written notice of such changes, and after any adjustments described in the preceding paragraph have been agreed upon.

### **Section 2. Performance of Services.**

Company agrees to furnish the services specified in Schedule A in connection with the Plan. These services may be modified upon agreement of the parties. Any such modification (and the revised administration charge, if any, applicable thereto) shall be evidenced by letter agreement between the parties which, upon execution, shall become a part of this Agreement.

Employer shall remain responsible for performance of all services in connection with the Plan other than those provided for in this Agreement. Without limiting the generality of the foregoing, this shall include all activities relating to:

- the enrollment of eligible employees,
- maintenance of eligibility and enrollment records and salary information, and furnishing such information to Company when necessary for the determination of any claim for benefits under the Plan
- handling of routine inquiries from employees

as well as any other duties and responsibilities reserved to the Employer in Schedule A.

### **Section 3. Company's Compensation.**

In return for the performance of the specified services, Employer agrees to pay Company the fees set forth in Schedule B on a monthly basis. In addition, Company will draw upon the provided Employer bank account for any expenses or liabilities provided for in Section 6 of this Agreement which are incurred by Company, or will bill Employer as such expenses are incurred if no bank account has been provided. Company shall bill Employer monthly at a single location or at multiple locations as requested by Employer and invoices shall specify fees charged for covered employees at each location as requested by Employer and as agreed to by Company. Employer shall provide 30 days notice of any change that would affect the billing of multiple locations. Payment of fees shall be due on the 15th of the month following the month to which the fees relate. Fees not paid within 30 days of the due date will be assessed a late charge at the rate of 8% per annum. Employer shall remain liable for all fees billed to separate locations.

The fees set forth in Schedule B shall be subject to change as provided for in Sections 1 and 2 of this Agreement. In addition, Company shall have the right to revise the schedule of fees at the end of the initial term of this Agreement, or at any time thereafter, by giving Employer not less than 30 days prior written notice. Further, Company shall have the right to review and revise the schedule of fees if the covered employee population changes +/- 10% due to expansion or reduction, acquisitions, divestitures, new business ventures, etc.

#### **Section 4. Term of the Agreement.**

This Agreement shall be effective for an initial term of 24 months commencing with the effective date shown above. This Agreement shall thereafter automatically continue, until terminated as provided for herein.

Company shall provide the services specified in this Agreement with respect to all claims resulting from disabilities which begin on and after the Effective Date of this Agreement. For purposes of this Agreement, a disability is not deemed to begin on or after the Effective Date of this Agreement unless the employee was actively at work for the Employer on the Effective Date of this Agreement or thereafter.

Either party may terminate this Agreement as of the end of the initial term, or at any time thereafter, by giving the other party at least 30 days advance written notice.

This Agreement shall automatically terminate upon the termination of the Plan or upon the effective date of any statute, regulation or court decision which would prohibit the activities of the parties under this Agreement.

Company may terminate this Agreement immediately, upon written notice to Employer, in the event Employer fails to pay the fees and, if applicable, charges as provided in Section 3 within the time specified, or otherwise breaches any provision of this Agreement. In addition, if Employer is responsible for funding an Account from which Company issues benefit payments, Company may terminate this Agreement immediately, upon written notice to Employer, in the event Employer fails to provide adequate funds in the Account to satisfy all claims for Plan benefits due.

Employer may terminate this Agreement at any time, following written notice to Company, in the event Company fails to perform the services required under this Agreement in a manner reasonably satisfactory to Employer, or otherwise breaches any provision of this Agreement. Any such notice shall state with particularity the reasons therefor, and shall not be effective unless Company shall fail within 30 days to initiate and pursue the removal of such grounds to the reasonable satisfaction of Employer.

This Agreement may be terminated as of any other date that is mutually agreed upon by the parties.

### **Section 5. Service Standards; Liability.**

Company shall use ordinary and reasonable care in the performance of its duties, but shall not be liable to the Employer for mistakes of judgment or other actions taken in good faith, including benefits erroneously overpaid, except as expressly provided herein.

Company shall indemnify and save the Employer harmless from any loss proximately caused by an act of wrongdoing or negligence by any employee of Company resulting in misuse of the bank account and the corollary check stock under its control. This indemnity shall survive the termination of this Agreement. The Employer shall give Company prompt and timely written notice of any fact or condition which comes to its attention which may give rise to a claim of indemnity under this paragraph.

### **Section 6. Liability for Benefits, Expenses and Taxes.**

This is not a contract of insurance and Company shall not underwrite any risk of the Plan. All liability for payment of claims made under the Plan shall rest with Employer. Company acts only as the provider of the services described in this Agreement and, with respect to Plan participants, acts only as the agent of the Employer.

Except as otherwise expressly provided in this Agreement, all expenses and liabilities incident to the operation of the Plan shall be the Employer's responsibility. Without limiting the generality of the foregoing, Employer shall be responsible for:

- Any state or federal tax, however denominated, including but not limited to premium taxes, taxes based on sales or gross receipts, and employment taxes, together with any penalties and interest, assessed on the basis of and/or measured by (i) the amount of Plan benefits administered by Company pursuant to this Agreement; or (ii) the amount of Company's fees hereunder. It is understood, however, that this provision shall not apply with respect to any tax imposed on the basis of Company's net income.
- Any costs or expenses incurred by Company in obtaining medical records, attending physician statements, reports of insurance support organizations, medical or rehabilitation consultant reports, or any other item of expense incurred with respect to any particular claims for benefits under the Plan.
- The defense of any legal action or proceeding to recover benefits under the Plan, and any legal liability arising in connection with any such action or proceeding.

This obligation shall survive the termination of this Agreement.

To avoid misunderstanding by third parties concerning the respective duties and liabilities hereunder, the Employer agrees not to use Company's name or logotype in any release or printed forms without the prior written approval of Company.

## **Section 7. Record Retention and Review.**

All documents relating to the payment of claims shall be the property of the Employer subject to Company's right to possession and use during the continuation of this Agreement. Upon 30 days' advance written request and execution of an audit agreement, such documentation shall be made available to the Employer, at Employer's expense, for its audit or inspection during regular business hours at the places of business where it is maintained by Company. Upon termination of this Agreement, such documentation shall be returned to Employer. Any liability resulting from Employer's use or disclosure of such information or documentation shall be the sole responsibility of the Employer.

Employer's property interest and right of access shall not extend to any claim or payment data recorded for or otherwise integrated into Company's data processing systems during the ordinary course of business. Company shall maintain such data records for the periods of time required by law and subject to the privacy and confidentiality requirements of all applicable laws.

## **Section 8. General Provisions.**

- a. This Agreement constitutes the entire contract between the parties and, subject to the provisions of Sections 1, 2 and 3, no modification or amendment hereto shall be valid unless in writing and signed by an officer of each of the parties.
- b. To the extent not preempted by applicable federal law, this Agreement shall be governed by, and shall be construed in accordance with the laws of the state in which the Employer's place of business specified above is located.
- c. The failure of either party to insist upon strict adherence to any term of this Agreement shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term of the Agreement.
- d. Company may, at any time, without prior notice to or approval from Employer, assign any or all of its rights or obligations under this Agreement to an affiliate of its choice.
- e. Neither Company nor any of its officers, directors or employees shall be deemed to be an employee of Employer. Neither Employer nor any of its officers, directors or employees shall be deemed to be an employee of Company. The sole relationship of the parties is that of independent contractors.
- f. This is an agreement solely between Employer and Company. It shall not create any right or legal relation whatever between Company and any person other than the Employer, including, without limitation, any employee of Employer or any participant in the Plan.

- g. Except as otherwise specifically provided in this Agreement, neither Company nor any of its employees shall be a fiduciary with respect to the Plan. Company is not the Plan Administrator as that term is used within ERISA, nor is Company authorized to accept service of process on behalf of the Plan

**IN WITNESS WHEREOF**, and intending to be legally bound, the parties have signed this Agreement.

Yosemite Community College District  
("Employer")  
Date: 1/20/15 By: [Signature]  
Title: Vice Chancellor HR

**LIFE INSURANCE COMPANY OF NORTH AMERICA**

[Signature: Matthew G. Manders]

Date: October 20, 2014

Matthew G. Manders, President

**SCHEDULE A**  
**DESCRIPTION OF ADMINISTRATIVE SERVICES**

**I. CLAIM ADMINISTRATION**

**Basic Review of Claims**

Company will provide Employer with a supply of Company's standard disability claim forms, or Company will provide Employer with an electronic or telephonic means for collection of claim form information. Employer shall furnish Company's telephone number or claim forms to all employees who provide notice of claim. For paper claim form, Employer will complete the employer portion of the claim form and will forward completed claim forms to Company. For electronic or telephonic claim form, Employer will provide employer information as requested by Company.

Company will provide the initial and ongoing screening of claims to determine whether benefits are payable in accordance with the terms of the Plan. Where required, and at Employer's expense, Company will seek and obtain information from medical providers and others necessary to determine qualification for benefits and amount thereof. Company will review the expected claim duration against duration guidelines used by the claim office at the time of the claim and determine the reasonable duration based on feedback from the claimant's attending physician, as appropriate.

Company will calculate benefits in accordance with the terms of the Plan and will prepare and deliver benefit checks. Company will communicate benefit decisions to claimants and, if payable, will furnish claimants with an explanation of how benefits were calculated. Company shall perform such tax withholding, payment and reporting services as are specified in a Limited Agency Agreement between Employer and Company.

In reviewing any person's claim for benefits under the Plan, Company shall rely upon eligibility information furnished by the Employer. It is mutually understood that the effective performance of this Agreement by Company will require that it be advised on a timely basis by the Employer during the continuance of this Agreement of the identity of individuals eligible for benefits under the Plan. Such information shall identify the effective date of eligibility and the termination date of eligibility and shall be provided promptly to Company in a form and with such other information as may reasonably be required by Company for the proper administration of the Plan. Employer acknowledges that its prompt and complete furnishing of the required eligibility and income information is essential to the timely and efficient administration by Company of claims for Plan benefits.

**Screening and Implementation for Social Security and Rehabilitation**

Company shall at appropriate times and intervals screen all claims for rehabilitation potential and for potential entitlement for Social Security benefits.

Where Company determines that a claimant has the potential for successful rehabilitation and re-employment, Company shall develop and implement a rehabilitation program for the claimant.

Where Company determines that a claimant may qualify for Social Security benefits, Company shall inform the claimant of the provisions of the Plan concerning Social Security benefits.

At the request of the Employer and where Company determines that a claimant potentially qualifies for Social Security disability benefits, Company will notify claimant, provide general information concerning filing for benefits and provide assistance with the filing of an initial application for SSDI and appeals if benefits are denied, at the Employer's expense. When Company determines that a claimant qualifies for appeal assistance, Company shall require him/her to appeal the case, if the Employer so requests.

### **Banking Arrangements.**

Employer must maintain a proper amount of funds to pay for Plan benefits and claim administration expenses. It is Employer's responsibility to monitor its account and maintain an adequate amount of funds in the account to pay for such benefits and expenses. Company will not issue checks against the account, which, to its knowledge, is inadequately funded. Company will not be responsible for checks, which are returned to the claimant because of insufficient funds in the Employer's account.

### **Standards for Quality Assurance**

Where required in Company's judgment, Company will consult with its in-house medical director and with other qualified professionals to determine whether a claimant is disabled and whether the claimant's disability is covered in accordance with the terms of the plan and applicable laws.

Company shall regularly audit a random sample of claims from Company's claim offices that are not dedicated to a specific account to assure that determination of disability has been proper, payments have been properly calculated, and that Company's general standards for the proper and timely handling of claims has been followed.

In the event Company pays any person less than the amount to which he is entitled under the Plan, Company will promptly adjust the underpayment by drawing the additional funds from the Account. In the event Company overpays any person entitled to benefits under the Plan, or pays benefits to any person who is not entitled to them, Company shall take all reasonable steps to recover the overpayment except that Company shall not be required to initiate court proceedings to recover an overpayment. Company shall promptly notify the Employer if it is unsuccessful in recovering any overpayment.

### **Handling of Inquiries, Complaints and Appeals**

Company shall respond to inquiries from regulatory agencies and complaints from claimants regarding the determination of eligibility for benefits, calculation and payment of benefits, and other matters within the scope of Company's services. Company shall furnish Employer with a copy of all written responses.

Company shall have no duty or obligation to defend against any legal action or proceeding brought to recover a claim for Plan benefits. Company shall, however, make available to the Employer and its counsel, such evidence relevant to such action or proceeding as Company may have as a result of its administration of the contested benefit determination.

### **Preparation of Plan Documents**

Company will cause to be prepared a master plan document reflecting basic benefit specifications provided by Employer for the short term disability benefits. Such plan document shall, to the extent not inconsistent with the Employer's specifications, be generally consistent with regular practices in the insurance industry for such benefits. The master plan document shall be submitted to the Employer for its review and approval.

Company shall cause to be prepared Summary Plan Descriptions reflecting the essential terms of the Plan and, if appropriate, other information required by ERISA regulations. This service does not include printing or distribution of the Summary Plan Descriptions.

It is understood and agreed that Company make no warranties concerning the terms of the master plan document or the Summary Plan Descriptions, as to their legal integrity, compliance with applicable laws, or tax attributes. Employer shall be solely responsible for reviewing and determining the acceptability of the master plan document and Summary Plan Descriptions, which are furnished on an "as is" basis.

## **II. FINANCIAL AND MANAGEMENT REPORTS**

Company shall furnish the following reports to Employer:

1. Weekly or monthly reports concerning the payment of claims, amounts reportable for income tax purposes, and amounts withheld for taxes.
2. An annual report which includes paid claims for the Plan year.
3. Upon Employer's request and at a charge agreed upon by Employer and Company, an annual report indicating equivalent premium for an insured plan using general premium rate formulas of insurance companies affiliated with Company; and amounts of reserves which would be required for an insured plan calculated on an insurance statutory basis for comparison purposes to the self-insured plan.
4. Upon request, and provided that Employer has provided Company with a census of employees, a census report showing demographics of employees covered by the Plan.
5. At Employer's request, as confirmed during implementation, Disability Summary and Trend Experience Reporting.

Such reports shall be in Company's standard format and shall be provided at times agreed to by Company. Upon Employer's request and at a charge agreed upon by Employer and Company, Company will provide other reports, reports in a different format, or reports at more frequent intervals.

**SCHEDULE B**  
**COMPANY'S COMPENSATION**

Basic Administrative Services:                      \$1.28 per person per month

Company will pay vendors for ancillary claim management expenses (such as cost of medical records and other types of examinations) from the Employer bank account designated for the Plan.

Indicated fees/charges are for the stipulated services in the Agreement. Service requests beyond these may result in additional charges.

**SCHEDULE C**  
**EMPLOYEE BENEFIT PLAN DOCUMENT**

The Employer's Plan Document, for the purpose of describing the plan benefits is attached to and incorporated into this Agreement, as SCHEDULE C