NOTICE OF RENEWAL OF CONTRACT

TO: PMA MANAGEMENT CORP.
200 International Circle
Suite 4000
Hunt Valley, MD 21030

DATE ISSUED: JUNE 29, 2012
CURRENT REFERENCE NO: 159-11

CONTRACT TITLE: INSURANCE - CLAIMS ADMINISTRATION

THIS IS A NOTICE OF RENEWAL OF CONTRACT AND NOT AN ORDER. NO WORK IS AUTHORIZED UNTIL THE VENDOR RECEIVES A VALID COUNTY PURCHASE ORDER ENCUMBERING CONTRACT FUNDS.

This is your notice that the above referenced contract has been renewed. The contract term covered by this Notice of Award is effective JULY 1, 2012 and expires on JUNE 30, 2015.

The contract documents consist of the terms and conditions of Agreement No. 93-07, including any exhibits, attachments or amendments thereto.

CONTRACT PRICING:

REFER TO AGREEMENT NO. 93-07
FEES FOR THIS RENEWAL TERM REMAIN THE SAME AS THE PREVIOUS TERM

EMPLOYEES NOT TO BENEFIT:

NO COUNTY EMPLOYEE SHALL RECEIVE ANY SHARE OR BENEFIT OF THIS CONTRACT NOT AVAILABLE TO THE GENERAL PUBLIC.

VENDOR CONTACT: DAVID SWEIGARD
VENDOR PAYMENT TERMS: NET 30 DAYS
TAX IDENTIFICATION NUMBER (EIN/SSN): 23-2652239

COUNTY CONTACT: WILLIAM WOOD

VENDOR TEL. NO.: 410-527-9038
VENDOR FAX. NO.: 856-727-3186
EMAIL ADDRESS: david_sweigard@pmagroup.com
COUNTY TEL. NO.: 703-228-4421

CONTRACT AUTHORIZATION

Vette Gonzalez
Procurement Officer

DISTRIBUTION

DATE 6/29/12
BID FOLDER: 1
ARLINGTON COUNTY, VIRGINIA
OFFICE OF THE PURCHASING AGENT
SUITE 500, 2100 CLARKSON BOULEVARD
ARLINGTON, VA 22201

AGREEMENT NO. 93-07

THIS AGREEMENT is made, on the date of execution by the County, between PMA Management Corp., Liberty Plaza One, 4801 Cox Road, Suite 205, Glen Allen, VA 23060 (Contractor), a Pennsylvania corporation authorized to do business in the Commonwealth of Virginia, and the County Board of Arlington County, Virginia (County). The County and the Contractor, for the consideration hereinafter specified, agree as follows:

CONTRACT DOCUMENTS

The Contract Documents consist of this Agreement, Exhibit A (Scope of Services), and Exhibit B (Contractor's letter dated June 7, 2007). Where the terms and provisions of this Agreement vary from the terms and provisions of the other Contract Documents, the terms and provisions of this Agreement shall prevail over the other Contract Documents and Exhibit A shall prevail over Exhibit B.

The Contract Documents set forth the entire Agreement between the County and the Contractor. The County and the Contractor agree that no representative or agent of either of them has made any representation or promise with respect to this Agreement which is not contained in the Contract Documents, and that all terms and conditions with respect to this Agreement are expressly contained herein. The Contract Documents shall constitute the Contract.

SCOPE OF WORK

The Contractor agrees to perform the services described in the Contract Documents (alternatively, the "Work"). The primary purpose of the Work is to create and provide to the County third party property and liability claims administration. The Contract Documents set forth the minimum Work estimated by the County and the Contractor to be necessary to complete the Work. It shall be the Contractor's responsibility, at the Contractor's sole cost, to provide the specific services set forth in the Contract Documents and sufficient services to fulfill the purposes of the Work. Nothing in the Contract Documents shall be construed to limit the Contractor's responsibility to manage the details and execution of its Work.

PROJECT OFFICER

The performance of the Contractor required by this Agreement is subject to the review and approval of the County Project Officer, who shall be appointed by the Director of the Arlington County Department of Human Resources, or designee. However, it shall be the responsibility of the Contractor to manage the details of the execution and performance of its Work under this Contract.
CONTRACT TERM
Work under this Agreement will commence on July 1, 2007 and shall continue until June 30, 2008 ("Initial Contract Term"), subject to any modifications as provided for in the Contract Documents. Upon satisfactory performance of the Contractor and with the concurrence of the Contractor, the County may, through issuance of an amended Notice of Award of Contract, authorize continued operations of the Contractor for not more than seven (7) additional twelve (12) month periods from July 1, 2008 to June 30, 2015 (each period is referred to as "Subsequent Contract Term").

CONTRACT AMOUNT
The County will pay the Contractor in accordance with the terms of the Payment paragraph and at the fees identified in Exhibit B for the Contractor's completion of the Work described and required in the Contract Documents subject to the terms and conditions in those documents. The Contractor agrees that it shall complete the Work for the fees identified in Exhibit B unless such fees are modified as provided in this Agreement. The fees identified in Exhibit B include all of Contractor's costs and fees (profit).

PAYMENT
The Contractor will be paid monthly. Within 10 days after the last day of each month the Contractor shall submit, for approval by the Project Officer, an invoice describing the total Work done, by Task, during the preceding month. The Project Officer shall either approve the invoice or require corrections. The County will pay the Contractor within 30 days after the date of receipt of a correct (as determined by the Project Officer) invoice approved by the Project Officer. The amount paid shall be based on the estimate of the percentage of the total Work in each Task completed during the month, subject to the Project Officer's acceptance of the Work and the estimate. If the Contractor has been paid ninety percent (90%) of the Contract Amount for any Task and Work under that Task is not completed, the remaining amount due for that Task will be paid to the Contractor only after all Work on that Task is completed. The total amount paid for each Task shall not exceed the amount allocated for the Task, regardless of the number of hours spent or the amount of expenses incurred by the Contractor in the performance of the Work. The number of the Purchase Order by which authority shipments have been made or services performed shall appear on all invoices. Invoices shall be submitted in duplicate.

ADDITIONAL SERVICES
The Contractor shall not be compensated for any goods or services provided except those included in Exhibit A and paid for by the Contract Amount unless those goods or services are covered by a written Amendment to this Agreement signed by the County and the Contractor and a County Purchase Order is issued covering the expected cost of such services.
REIMBURSABLE EXPENSES
No expenses except those identified in this Agreement as project related expenses will be reimbursed if incurred without the prior written approval of the County and the issuance of a purchase order detailing the specific expenses to be incurred by the Contractor and their estimated amount. Payment for approved reimbursable expenses will be made within 30 days after receipt by the Project Officer of a correct invoice identifying the nature of the expense. Reimbursable expenses allowed shall be charged to the County on a unit price basis at the Contractor's cost. All amounts paid for reimbursable expenses shall be considered part of the Contract Amount.

ARLINGTON COUNTY BUSINESS LICENSES
The Contractor must comply with the provisions of Chapter 11 (Business Licenses) of the Arlington County Code.

NON-DISCRIMINATION NOTICE
Arlington County does not discriminate against faith-based organizations.

COUNTY EMPLOYEES
No employee of Arlington County, Virginia shall be admitted to any share or part of this contract or to any benefit that may arise therefrom which is not available to the general public.

EMPLOYMENT DISCRIMINATION BY CONTRACTOR PROHIBITED
During the performance of this contract, the contractor agrees as follows:

A. The contractor will not discriminate against any employee or applicant for employment because of race, religion, color, sex, sexual orientation, national origin, age, disability or any other basis prohibited by state law related to discrimination in employment except where there is a bona fide occupational qualification reasonably necessary to the normal operation of the contractor. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.

B. The contractor, in all solicitations or advertisements for employees placed by or on behalf of the contractor, will state that such contractor is an Equal Opportunity Employer.

C. Notices, advertisements and solicitations placed in accordance with federal law, rule or regulation shall be deemed sufficient for the purpose of meeting the requirements of this section.

D. The contractor will comply with the provisions of the Americans with Disabilities Act of 1990 which prohibits discrimination against individuals with disabilities in employment and mandates their full participation in both publicly and privately provided services and activities.

E. The contractor will include the provisions of the foregoing paragraphs in every subcontract or purchase order of over $10,000, so that the provisions will be binding upon each subcontractor or vendor.
DRUG-FREE WORKPLACE TO BE MAINTAINED BY CONTRACTOR

During the performance of this contract, the contractor agrees to (i) provide a drug-free workplace for the contractor's employees; (ii) post in conspicuous places, available to employees and applicants for employment, a statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance or marijuana is prohibited in the contractor's workplace and specifying the actions that will be taken against employees for violations of such prohibition; (iii) state in all solicitations or advertisements for employees placed by or on behalf of the contractor that the contractor maintains a drug-free workplace; and (iv) include the provisions of the foregoing clauses in every subcontract or purchase order of over $10,000, so that the provisions will be binding upon each subcontractor or vendor.

For the purposes of this section, "drug-free workplace" means a site for the performance of work done in connection with a specific contract awarded to a contractor in accordance with the Arlington County Resolution, the employees of whom are prohibited from engaging in the unlawful manufacture, sale, distribution, dispensation, possession or use of any controlled substance or marijuana during the performance of the contract.

INDEMNIFICATION

The Contractor covenants to save, defend, hold harmless, and indemnify the County, and all of its elected and appointed officials, officers, employees, agents, departments, agencies, boards, and commissions (collectively the "County") from and against any and all claims, losses, damages, injuries, fines, penalties, costs (including court costs and attorney's fees), charges, liability, or exposure, however caused, resulting from, arising out of, or in any way connected with the Contractor's intentional, negligent, or grossly negligent acts or omissions in performance or nonperformance of its work called for by the Contract Documents. This indemnification shall survive the termination of this Contract.

COUNTY PURCHASE ORDER REQUIREMENT

County purchases of goods over $5,000.00 per transaction and purchases of services over $500 per transaction are authorized only if a County Purchase Order is issued in advance of the transaction, indicating that the ordering agency has sufficient funds available to pay for the purchase. A purchase order will be issued for any purchase if the vendor requires a purchase order for its records. The County will not be liable for payment for any purchases of goods over $5,000 per transaction or purchases of services over $500 per transaction made by its employees without appropriate purchase authorization issued by the County Purchasing Agent. Contractors providing goods or services without a signed County Purchase Order do so at their own risk and must satisfy themselves that the ordering person or agency is authorized to purchase goods or services in the name of the County. Please direct questions regarding this requirement to the County Procurement Officers at 703-228-3410.
FAILURE TO DELIVER
In case of failure to deliver goods or services in accordance with the contract terms and conditions, the County, after due oral or written notice, may procure the goods or services from other sources and hold the Contractor responsible for any resulting additional purchase and administrative costs; provided, that if public necessity requires the use of materials or supplies not conforming to the specifications, they may be accepted and payment therefor shall be made at a reduction in price to be determined solely by the County. This remedy shall be in addition to any other remedies, which the County may have. The County shall be entitled to offset such costs against any sums owed by the County to the Contractor.

ETHICS IN PUBLIC CONTRACTING
This Contract incorporates by reference Article 9 of the Arlington County, Virginia, Purchasing Resolution, as well as any state or federal law related to ethics, conflicts of interest, or bribery, including by way of illustration and not limitation, the Virginia State and Local Government Conflict of Interests Act, the Virginia Governmental Frauds Act, and Articles 2 and 3 of Chapter 10 of Title 18.2 of the Virginia Code, as amended. The Contractor certifies that its offer is made without collusion or fraud and that it has not offered or received any kickbacks or inducements from any other offeror, supplier, manufacturer, or subcontractor and that it has not conferred on any public employee having official responsibility for this purchase any payment, loan, subscription, advance, deposit of money, services, or anything of more than nominal value, present or promised unless consideration of substantially equal or greater value was exchanged.

LIABILITY
The Contractor shall not be held responsible for failure to perform the duties and responsibilities imposed by this Contract if such failure is due to strikes, fires, riots, rebellions, or Force Majeure, beyond the control of the Contractor, that make performance impossible or illegal, unless otherwise specified in the Contract.

The County shall not be held responsible for failure to perform the duties and responsibilities imposed by the Contract if such failure is due to strikes, fires, riots, rebellions, or Force Majeure, beyond the control of the County, that make performance impossible or illegal, unless otherwise specified in the Contract.

ASSIGNMENT
The Contractor shall not assign, transfer, convey, sublet, or otherwise dispose of any award, or any or all of its rights, obligations, or interests under this Contract, without the prior written consent of the County.

APPLICABLE LAW
This Contract and the work performed hereunder shall be governed in all respects by the laws of the Commonwealth of Virginia and the venue for any litigation with respect thereto shall be in the Circuit Court for Arlington County, Virginia, and in no other court. In performing the Work under this Contract, the Contractor shall comply with applicable federal, state, and local laws, ordinances and regulations.

93-07
AUTHORITY TO TRANSACT BUSINESS
In accordance with §13.1-613 of the Code of Virginia, any firm submitting a bid or proposal in response to this solicitation must be authorized to transact business in the Commonwealth of Virginia.

ACCESSIBILITY OF WEB SITE
If any work performed under this contract results in design, development, maintenance or responsibility for content and/or format of any County websites, or County’s presence on other party websites, the Contractor shall perform such work in compliance with the requirements set forth in the U.S. Department of Justice document entitled “Accessibility of State and Local Government Websites to People with Disabilities.” The document is located at: http://www.ada.gov/websites2.htm

HIPAA COMPLIANCE
The Contractor shall comply with all applicable legislative and regulatory requirements of privacy, security and electronic transaction components of the Health Insurance Portability and Accountability Act (HIPAA) of 1996.

IMMIGRATION REFORM AND CONTROL ACT OF 1986
The Contractor certifies that it does not, and will not during the performance of the Contract, employ illegal alien workers or otherwise violate the provisions of the federal Immigration Reform and Control Act of 1986.

ANTITRUST
By entering into this Contract, the Contractor conveys, sells, assigns and transfers to the County all rights, title, and interest in and to all causes of action the Contractor may now have or hereafter acquire under the antitrust laws of the United States or the Commonwealth of Virginia, relating to the goods or services purchased or acquired by the County under said Contract.

RELATION TO COUNTY
The Contractor will be legally considered as an independent contractor and neither the Contractor nor its employees will, under any circumstances, be considered employees, servants or agents of the County. The County will not be legally responsible for any negligence or other wrongdoing by the Contractor, its employees, servants or agents. The County will not withhold payments to the Contractor for any federal or state unemployment taxes, federal or state income taxes, Social Security tax, or any other amounts for benefits to the Contractor. Further, the County will not provide to the Contractor any insurance coverage or other benefits, including Workers’ Compensation, normally provided by the County for its employees.

DELIVERY
All goods are purchased F.O.B. point of delivery in Arlington County. All costs for handling and transportation charges to the designated point of delivery shall be borne by the Contractor. Transportation, handling and all related charges shall be included in the unit prices or discounts bid for each item.
ARLINGTON COUNTY PURCHASING RESOLUTION
The Contract is governed by the applicable provisions of the Arlington County Purchasing Resolution. The time limit for final written decision by the County Manager in the event of a contractual dispute, as that term is defined in the Purchasing Resolution, is fifteen (15) days. Procedures for considering contractual claims, disputes, administrative appeals, and protests are contained in the Purchasing Resolution, incorporated herein by reference, and available upon request from the Office of the Purchasing Agent.

ARBITRATION
It is expressly agreed that nothing under the Contract shall be subject to arbitration, and any references to arbitration are expressly deleted from the Contract.

PATENTS AND ROYALTIES
The Contractor covenants to save, defend, hold harmless, and indemnify the County, and all of its officers, officials, departments, agencies, agents, and employees (collectively the "County") from and against any and all claims, losses, damages, injuries, fines, penalties, costs (including court costs and attorney's fees), charges, liability, or exposure, however caused, for or on account of any trademark, copyright, patented or unpatented invention, process, or article manufactured or used in the performance of this Contract, including its use by the County. If the Contractor uses any design, device, or materials covered by letters patent or copyright, it is mutually agreed and understood, without exception, that the Contract price includes all royalties or costs arising from the use of such design, device, or materials in any way involved with the work.

CONFIDENTIALITY AND RETURN OF RECORDS
The Contractor agrees that all findings, memoranda, correspondence, documents or records of any type, whether written or oral, and all documents generated by the Contractor or its subcontractors as a result of the County's request for services under this Contract, are confidential records ("Record" or "Records"), and neither the Records nor their contents shall be released by the Contractor, its subcontractors, or other third parties; nor shall their contents be disclosed to any person other than the Project Officer or designee. The Contractor agrees that all oral or written inquiries from any person or entity regarding the status of any Record generated as a result of the existence of this Contract shall be referred to the Project Officer or designee for response. At the County's request, the Contractor shall deliver all Records to the Project Officer, including "hard copies" of computer records, and at the County's request, shall destroy all computer records created as a result of the County's request for services under this Contract.

The Contractor agrees to include the provisions of this section as part of any Contract or Agreement the Contractor enters into with subcontractors or other third parties for work related to work pursuant to this Agreement.

No termination of this Agreement shall have the effect of rescinding, terminating or otherwise invalidating this section.
COPYRIGHT
The Contractor hereby irrevocably transfers, assigns, sets over and conveys to the County all right, title and interest, including the sole exclusive and complete copyright interest, in any and all copyrightable works created pursuant to this Agreement. The Contractor further agrees to execute such documents as the County may request to effect such transfer or assignment.

Further, the Contractor agrees that the rights granted to the County by this paragraph are irrevocable. Notwithstanding anything else in this Agreement, the Contractor's remedy in the event of termination of or dispute over the terms of this Agreement shall not include any right to rescind, terminate or otherwise revoke or invalidate in any way the rights conferred pursuant to the provisions of this paragraph. Similarly, no termination of this Agreement shall have the effect of rescinding, terminating or otherwise invalidating the rights acquired pursuant to the provisions of this "Copyright" paragraph.

The use of subcontractors or third parties in developing or creating input into any copyrightable materials produced as a part of this Agreement is prohibited unless the County approves the use of such subcontractors or third parties in advance and such subcontractors or third parties agree to include the provisions of this paragraph as part of any contract they enter into with the Contractor for work related to work under this Contract.

PAYMENT OF SUBCONTRACTORS
The Contractor is obligated to take one of the two following actions within seven (7) days after receipt of amounts paid to the Contractor by the County for work performed by any subcontractor under this Contract:

a. Pay the subcontractor for the proportionate share of the total payment received from the County attributable to the work performed by the subcontractor under this Contract; or

b. Notify the County and the subcontractor, in writing, of the Contractor's intention to withhold all or a part of the subcontractor's payment with the reason for nonpayment.

The Contractor is obligated to pay interest to the subcontractor on all amounts owed by the Contractor that remain unpaid after seven (7) days following receipt by the Contractor of payment from the County for work performed by the subcontractor under this Contract, except for amounts withheld as allowed in b., above. Unless otherwise provided under the terms of this Contract, interest shall accrue at the rate of one percent (1%) per month.

The Contractor shall include in each of its subcontracts a provision requiring each subcontractor to include or otherwise be subject to the same payment and interest requirements with respect to each lower-tier subcontractor.
The Contractor's obligation to pay an interest charge to a subcontractor pursuant to the above provisions may not be construed to be an obligation of the County. A Contract modification may not be made for the purpose of providing reimbursement for such interest charge. A cost reimbursement claim may not include any amount for reimbursement for such interest charge.

AUDIT

The Contractor agrees to retain all books, records and other documents related to this procurement for at least five (5) years after final payment, or until audited by the County, whichever is sooner. The County or its authorized agents shall have full access to and the right to examine any of the above documents during this period. If the Contractor wishes to destroy or dispose of records (including confidential records to which the County does not have ready access) after the County's audit but within five (5) years after final payment, the Contractor shall notify the County at least thirty (30) days prior to such disposal, and if the County objects, shall not dispose of the records.

PROJECT STAFF

The County will, throughout the Contract Term and any renewal term, have the right of reasonable rejection and approval of staff or subcontractors assigned to the project by the Contractor. If the County reasonably rejects staff or subcontractors, the Contractor must provide replacement staff or subcontractors satisfactory to the County in a timely manner and at no additional cost to the County. The day-to-day supervision and control of the Contractor's employees shall be solely the responsibility of the Contractor.

REIMBURSEABLE TRAVEL-RELATED EXPENSES

No reimbursable travel-related expenses shall be allowed for employees of firms located within the Washington Metropolitan Area. If approved by the County for employees of firms outside this area, the County's policy for reimbursement of travel-related expenses will be as follows:

Meals: The County will reimburse the Contractor for the actual out-of-pocket expenses for employee meals, excluding alcoholic beverages at the per diem rate of $41.00 or the individual meal rate of $8.00 for breakfast, $11.00 for lunch, and $22.00 for dinner. Receipts are not required.

Lodging: The County will reimburse lodging expenses incurred for lodging at a reasonably priced commercial facility in the immediate area of the work, where feasible. Complete and legible itemized receipts shall accompany any request for reimbursement. No reimbursement shall be made for ineligible expenses including room service, laundry, telephone and in-room movies. If a room is shared with another person not connected with the work being performed for the County, including a spouse, the County will reimburse the Contractor for no more than the cost of a single room.

Transportation: Reservations shall be made in advance whenever possible to take advantage of available discounts. Receipts must be submitted for any inter-city public transportation used. Air fare will be reimbursed at coach rate only. Reimbursement for the use of personal vehicles shall be negotiated with the County at the time of contract negotiations, except that the mileage rate paid by the County
shall not exceed the then current mileage rates paid by the County to its employees. Parking expenses are reimbursable up to $7.00 per day.

Ineligible expenses: Entertainment, alcoholic beverages, medical treatment, laundry, extraneous travel and living expenses that one would normally incur while at home.

Time limit: Requests for travel reimbursement covering the above submitted more than 60 days after completion of the travel shall not be honored.

Non-reimbursable Expenses: The following expenses are not allowable for reimbursement:

1. Alcoholic beverages
2. Personal phone calls (other than 1 call for "safe" arrival/departure).
3. Self-entertainment activities (pay TV, movies, night clubs, health clubs, theaters, bowling...etc.)
4. Personal expenses (laundry, valet, haircuts)
5. Personal travel insurance (life, medical, or property insurance) for air fare or rental cars.
6. Auto repairs and maintenance costs for personal vehicles
7. Travel expenses incurred to obtain or maintain training and/or certificates that are not associated with an employee's job requirements.
8. If the County adopts different rates for its employees, the adopted rates shall prevail.

REPORT STANDARDS
Reports or written material prepared by the Contractor in response to the requirements of this Contract shall, unless otherwise provided for in the Contract, meet standards of professional writing established for the type of report or written material provided, shall be thoroughly researched for accuracy of content, shall be grammatically correct and not contain spelling errors, shall be submitted in a format approved in advance by the Project Officer, and shall be submitted for advance review and comment by the Project Officer. The cost of correcting grammatical errors, correcting report data, or other revisions required to bring the report or written material into compliance with the Contract requirements shall be borne by the Contractor.

When submitting documents to the County, The Contractor shall comply with the following guidelines:

- All submittals and copies shall be printed on at least 30% recycled-content and/or tree free paper;
- All copies shall be double-sided;
- Report covers or binders shall be recyclable, made from recycled materials, and/or easily removable to allow for recycling of report pages (reports with glued bindings that meet all other requirements are acceptable);
- The use of plastic covers or dividers should be avoided; and
- Unnecessary attachments or documents not specifically asked for should not be submitted, and superfluous use of paper (e.g. separate title sheets or chapter dividers) should be avoided.
ADJUSTMENTS FOR CHANGE IN SCOPE
The County may order changes in the work within the general scope of the work consisting of additions, deletions or other revisions. No claim may be made by the Contractor that the scope of the project or of the Contractor's services has been changed requiring adjustments to the amount of compensation due the Contractor unless such adjustments have been made by a written amendment to the contract signed by the County and the Contractor. If the Contractor believes that any particular work is not within the scope of the project or is a material change or otherwise will call for more compensation to the Contractor, the Contractor must immediately notify the Project Officer in writing of this belief. Within ten (10) days after any change or event which the Contractor believes calls for more compensation, the Contractor must provide to the Project Officer a proposal which sets forth the amount of additional compensation claimed, together with the basis therefor and supportive documentation for the amount. The Contractor will not be compensated for performing any work unless a proposal complying with this paragraph has been submitted in the time specified above and a written amendment has been signed by the County and the Contractor and a County purchase order is issued covering the cost of the services to be provided under the amendment. If the Project Officer believes that the work is within the scope of the Contract as written, the Contractor will be ordered to continue work.

NONAPPROPRIATION
All funds for payments by the County under this Contract are subject to the availability of an annual appropriation for this purpose by the County Board of Arlington County. In the event of nonappropriation of funds by the County Board of Arlington County for the goods or services provided under this Contract or substitutes for such goods or services which are as advanced or more advanced in their technology, the County will terminate the Contract, without termination charge or other liability to the County, on the last day of the then current fiscal year or when the appropriation made for the then current year for the services covered by this Contract is spent, whichever event occurs first. If funds are not appropriated at any time for the continuation of this Contract, cancellation will be accepted by the Contractor on thirty (30) days prior written notice, but failure to give such notice shall be of no effect and the County Board of Arlington County shall not be obligated under this Contract beyond the date of termination.

REQUIREMENTS CONTRACT
During the Contract Term, the Contractor will furnish all of the items or services described in the Contract Documents as so requested by the County. The Contractor understands and agrees that this is a requirements contract and the County will have no obligation to the Contractor if no items or services are required or requested by the County. Any quantities which are included in the Contract Documents are the present expectations of those who are planning for the County for the period of the contract. The amount is only an estimate and the Contractor understands and agrees that the County is under no obligation to the Contractor to buy any amount as a result of having provided this estimate or of having had any normal or otherwise measurable requirement in the past. The Contractor further understands that the County
may require services in excess of the estimated annual Contract amount and that such excess shall not give rise to any claim for compensation other than at the unit prices in this Contract.

TERMINATION FOR DEFAULT
The Contract will remain in force for the full period specified and until the County determines that all requirements and conditions have been satisfactorily met and the County has accepted the Work, and thereafter until the Contractor has met all requirements and conditions relating to the Work under the Contract Documents following the Initial Contract Term and all Subsequent Contract Terms, including warranty and guarantee periods. However, the County will have the right to terminate this Contract sooner if the Contractor has failed to perform satisfactorily the Work required, as determined by the County in its discretion.

In the event the County decides to terminate this Contract for failure to perform satisfactorily, the County will give the Contractor at least fifteen (15) days written notice before the termination takes effect. Such fifteen (15) day period will begin upon the mailing of notice by the County. If the Contractor fails to cure the default within the fifteen (15) days specified in the notice and the Contract is terminated for the Contractor's failure to provide satisfactory Contract performance, the Contractor will be entitled to receive compensation for all Contract services satisfactorily performed by the Contractor and allocable to the Contract and accepted by the County prior to such termination. However, an amount equal to all additional costs required to be expended by the County to complete the Work covered by the Contract, including costs of delay in completing the project, shall be either subtracted from any amount due the Contractor or charged to the Contractor in the event the County terminates the Contract.

Except as otherwise directed by the County, or in the case of termination for default (in which event the Contractor may be entitled to cure, at the option of the County), the Contractor shall stop Work on the date of receipt of notice of the termination or other date specified in the notice, place no further orders or subcontracts for materials, services, or facilities except as are necessary for the completion of such portion of the Work not terminated, and terminate all vendors and subcontracts and settle all outstanding liabilities and claims.

In the event any termination for default shall be found to be improper or invalid by any court of competent jurisdiction, then such termination shall be deemed to have been a termination for convenience.

TERMINATION FOR THE CONVENIENCE OF THE COUNTY
The performance of work under this Contract may be terminated by the Purchasing Agent in whole or in part whenever the Purchasing Agent shall determine that such termination is in the County's best interest. Any such termination shall be effected by the delivery to the Contractor of a written notice of termination at least fifteen (15) days before the date of termination, specifying the extent to which performance of the work under this Contract is terminated and the date upon which such termination becomes effective.
After receipt of a notice of termination and except as otherwise directed the Contractor shall stop all work on the date of receipt of the notice of termination or other date specified in the notice; place no further orders or subcontracts for materials, services or facilities except as are necessary for the completion of such portion of the work not terminated; immediately transfer all documentation and paperwork for terminated work to the County; and terminate all vendors and subcontracts and settle all outstanding liabilities and claims.

**Noneclusivity of Remedies**

All remedies available to the County under this contract are cumulative and no such remedy shall be exclusive of any other remedy available to the County at law or in equity.

**Amendments**

This Contract shall not be amended except by written amendment executed by persons duly authorized to bind the Contractor and the County.

**Severability**

The sections, paragraphs, sentences, clauses and phrases of this Contract are severable and if any phrase, clause, sentence, paragraph or section of this Contract shall be declared invalid by the valid judgement or decree of a court of competent jurisdiction, such invalidity shall not affect any of the remaining phrases, clauses, sentences, paragraphs and sections of this Contract.

**Witness these signatures:**

THE COUNTY BOARD OF ARLINGTON COUNTY, VIRGINIA

PMA MANAGEMENT CORP.

TAXPAYER ID (SSN/RIN): 23-2652239

AUTHORIZED SIGNATURE:

NAME AND TITLE: RICHARD D. WARREN, JR. PURCHASING AGENT

NAME AND TITLE: VP Sales - PAMC

DATE: 6/27/07

DATE: 6/26/07
EXHIBIT A

SCOPE OF SERVICES

Background Data

The Office of Risk Management, located in the Human Resources Department, administers the County’s Worker’s Compensation and Property and Liability claims administration functions. That claims function is part of County’s integrated risk management service that includes risk identification and evaluation, risk control and safety, and other risk financing functions including insurance procurement. There are four individuals under the direction of the County Risk Manager in the Office of Risk Management, including a Worker’s Compensation Coordinator, Property and Liability Claims Specialist, and two Safety professionals who are directly involved in the claims administration function. The third party claims administrator (Contractor) operates as an extension of this internal office.

Worker’s Compensation

All employees of the County Board, County Manager, the Constitutional Officers, and many of the employees of the Judges’ offices are covered by the County’s self-insured, self-administered Worker’s Compensation program. Together these comprise over 3,400 FTES and over 1,500 temporary and seasonal employees. These include substantial numbers of public safety and trades employees, from whom the majority of our Worker’s Compensation claims originate. Risk Management’s contract Third Party Administrator reviews each assigned claim, conducts a full investigation and reserves appropriate exposure.

The County plans to use a partnership approach, where the employee, Risk Management staff, the Contractor, medical providers, and other vendor specialists are all working toward the same objective - a timely and safe return to work for the employee.

Attached are four documents providing data on County Worker’s Compensation and Property and Liability claims, costs, injuries, and other relevant data:

Attachment A is a history of the number of OSHA recordable cases, lost time injuries, lost days, and the total number of Worker’s Compensation claims.

Attachment B is a history of compensation (indemnity) costs and medical costs. Data is aggregated by fiscal year paid. Data are not sorted by year injury/ liability was incurred. The County’s fiscal year is from July 1 to June 30.

Attachment C is four years of cost and frequency data by injury type and body part. The data are aggregated by fiscal year paid.

Attachment D is a copy of the Standard Operating Procedures (SOP) for Worker’s Compensation Claims Management.
Prior to receiving direct indemnity payments from the claims administrator, the injured permanent employee remains on the County payroll for up to 720 hours of "disability leave" or the continuation of pay (COP), and then has the option of electing to use his or her own personal leave to maintain a full paycheck and continue to use payroll deduction for health insurance and other benefits.

**Property and Liability**

The County self-insures and self-administers its auto liability and general liability exposures according to its Self-Insurance Resolution. First party property claims are insured through commercial insurance, subject to a large deductible. Property claims falling within the deductible are self-administered. Arlington Public Schools (APS) currently are insured by a commercial insurance policy for auto and general liability. APS desires to self-insure these exposures and at such time as APS does establish a self-insurance program, the claims will be administered by the Arlington County Office of Risk Management. The additional claims are anticipated to be less than 10% of the total currently generated by Arlington County.

All claims are managed by the Arlington County Office of Risk Management. Most claims for auto liability or general liability are managed and resolved by Arlington County Risk Management staff. Claims involving third party vehicle damage, extensive outside investigation or otherwise selected by the Arlington County Claims Coordinator may be assigned to the contractor for investigation or resolution according to written directions from the Arlington County Claims Coordinator. All claims information will be maintained in the RiskMaster™ database maintained by the County. The contractor will have remote access to the database and will enter all investigation documentation, including adjustor notes into the database.

Authority is granted to the Contractor to settle property damage claims within guidelines established by the Self-Insurance Resolution and the Arlington County Risk Manager.

The County receives protection from suit by the Doctrine of Sovereign Immunity.

The self-insurance resolution covers only County employees and County volunteers.

**Scope of Contract**

The Contractor shall provide claims management and related services for the exposures of automobile liability, general liability, (for Arlington County and possibly for Arlington Public Schools) and Worker's Compensation, (for Arlington County only). The County will assign auto liability and general liability claims to the Contractor according to the criteria in Subsection C, Property and Liability below. The County will assign Worker's Compensation claims to the Contractor according to the criteria outlined in Subsection C, Worker's Compensation, below.

Although Arlington County believes the estimated number of claims, both Worker's Compensation and Property and Liability claims to be accurate, there
is no guarantee of a minimum number of claims that will be assigned to the Contractor. Similarly, Arlington County has no plans at present to manage Worker's Compensation claims using County staff however, should the County decide to self-administer all types of claims Arlington County reserves the right to renegotiate the terms and scope of this contract with 180 days advance notice to the Contractor. The County expects that the incumbent Contractor will cooperate in any transition to self-administration and continue to provide services during such transition period and to provide reduced services as needed by Arlington County and mutually agreed upon.

The Contractor(s) shall provide the following services for Worker's Compensation:

1. Claims investigation and resolution including, but not limited to:
   - Compliance with regulatory requirements and filings
   - Payment of medical bills, lost wage benefits
   - Subrogation evaluation and follow-up
   - Surveillance and sub rosa investigations

2. Medical bill review
3. Case management services
4. Utilization review and other managed care services

The Contractor(s) shall provide the following services for auto and general liability claims:

1. Claims investigation and resolution including, but not limited to:
   - Initial on-site accident/incident investigation, including written or recorded statements, photos and written liability evaluations.

2. Vehicle damage appraisal
3. Property damage appraisal
4. Subrogation evaluation and follow-up

The Contractor shall maintain all claims information in the RiskMasterX™ database managed by the County. The Contractor will have remote access to the database and shall enter all investigation documentation, including adjustor notes into the database.

The County plans to award the contract or contracts for the services described in adequate time for an effective contract commencement date of July 1, 2007. Depending on the need or nature of any transition issues involving the incumbent Worker's Compensation claims administrator, the implementation date may be staggered to suit the County's objectives, without any liability to the County.

Performance Audits and Guarantees

Arlington County Risk Management will conduct an audit of claims files on an as-needed basis, not to exceed four times per year. The audit will cover 10 to 20 percent of the files for a time period, such as the fiscal year (July 1 to June 30) to the date of audit. County personnel or outside auditors will examine electronic and hard copy claims files for the following factors:
For Workers' Compensation Claims

1. First report properly and completely filled out, injured body parts specified
2. Investigation and follow-up on prior injuries and treatments
3. Accurate computation of benefits and prompt payment to claimants, including medical bills, indemnity and mileage to treatment sites.
4. Written requests for medical records and doctor's assessments, follow-up if record
5. NWCC forms and submissions accurate, with cover letters in file.

For General Liability and Auto Claims:

1. File organized and complete, including incident report or vehicle accident checklist, police report (if any), damage appraisal, liability and subrogation assessment.
2. Investigation of incident, statements of claimant and witnesses.
3. Reserves established and updated.
5. File closed in timely fashion with release and other necessary documents.

Audit Response.
Each audited claim will be rated: excellent, adequate, or deficient. Any claims rated deficient will have corrective action or needed items listed. If more than 5 percent of the audited claims are deficient in one or more items, a written Plan for Correction will be prepared by the Contractor within 30 days after receiving the audit results. The Plan will detail specific actions to correct the problems within 90 days. A second audit will be conducted at the end of 90 days, or as soon thereafter as possible.

If the subsequent audit shows 5 percent or more of claims to be deficient, the County may withhold 10 percent of the per-claim fees for the audit period. If the next subsequent audit continues to show more than 5 percent deficient claims, the County may terminate the contract.

Estimated Number of Claims
Arlington County estimates that the Contractor will be assigned between 225 and 310 Workers' Compensation cases per year. About 80 percent are expected to be medical only, although some of those may transition to lost time before being closed. The County estimates that 120 to 160 auto and general liability claims will be assigned to the Contractor per year. Most of these claims will be for property damage only. Typically, fewer than 10 percent of auto and GL claims are for bodily injury. The County anticipates handling most of the auto and GL claims in-house. As outlined above, there is no guaranteed number of claims that will be assigned to the Contractor.

Worker's Compensation claims will be assigned routinely to the Contractor and should approximate the estimated number above; however, these numbers are estimates and the Contractor may make no claim for breach of contract or damages if the estimate turns out to be an inaccurate projection of actual work. There is no minimum guarantee of work.
Reimbursable Expenses

The County will reimburse the Contractor for the cost of the following categories of expenses to the extent these expenses have been approved by the County Risk Manager before they are incurred.

1. Travel, meals and lodging associated with claims investigation requiring overnight travel.

2. Any additional expenses incurred by contractor, at the request of the County that are not specifically chargeable to individual claim files.

3. Claim file allocated expenses. The costs of these expenses will be payable as allocated expense on their respective claim files.

REQUIREMENTS

A. OFFICE LOCATION

The Contractor shall maintain a service office location in the Washington, D.C. Metropolitan Area, preferably in Northern Virginia.

B. OWNERSHIP/TRANSFER OF FILES

1. The Contractor agrees that all claims files and related data are at all times the property of the County. The Contractor further agrees to transfer such files and data to the County without any charge, except for transportation costs from Contractor's office, upon request from the County Risk Manager. The Contractor shall cooperate with the County and/or any new service provider in transferring information, upon expiration or termination of this contract.

2. At the expiration or termination of this contract the Contractor shall return all hardcopy (paper files) to the Risk Management within 30 days of expiration or termination date. The file must contain a file summary as indicated in the SOP, page 8 and formatted pursuant SOP, page 5, section 28. Additionally the Contractor shall provide all electronic data in either Excel, ASCII, or other format based on the County ERP system to the Office of Risk Management within ten (10) days of expiration or termination date.

3. The Contractor shall, upon request of the County Risk Manager, allow access to files to authorized County personnel, designated by the County Risk Manager, at any reasonable time.

C. SPECIFICATIONS

The specifications included in the "Service Requirements" paragraph below identify the services to be provided by the Contractor.
D. PAYMENTS

Payments will be made to the Contractor monthly, based upon the established fee basis. The Contractor shall submit monthly invoices including details sufficient to substantiate the billing.

E. ACCESS TO AND INSPECTION OF WORK

The County Risk Manager, or designee, shall at all times have access to the work being performed by the Contractor under this contract, wherever it may be in progress or preparation.

F. INSURANCE/TAXES/PFRINGE BENEFITS

The Contractor shall provide to the County Purchasing Agent a Certificate of Insurance indicating the coverages below prior to the start of any work, and agrees to maintain such insurance until the completion of the Contract. The minimum insurance coverages shall be:

Workers Compensation - Standard Virginia workers compensation policy including employers liability coverage with minimum limits of $1,000,000/$500,000/$100,000.

Commercial General Liability -- $1,000,000 combined single limits coverage with $2,000,000 general aggregate to include Personal Injury, Products and completed Operations, Contractual Liability and Independent Contractors. The general aggregate limit is to apply separately to this project.

Automobile Liability -- $1,000,000 combined single limit covering owned, non-owned, and hire vehicles.

Professional Liability -- $1,000,000 per claim, $1,000,000 aggregate limit covering errors or omissions in rendering or failure to render claims administration and loss control services.

The County shall be included as an additional insured in the service provider’s commercial general liability coverage. The service provider’s insurance carrier or insurance agent to the County Purchasing Agent shall furnish a forty-five (45) day notice of cancellation or non-renewal in writing.

The Contractor shall maintain policies with the above coverages and endorsements through the entire Contract Term.

G. SERVICE REQUIREMENTS

The following is an estimated outline of services covered by this solicitation Services:
Worker's Compensation

1. **General** — Perform all duties required of the employer and submission of forms/information by the injured employee under the Virginia Workers' Compensation Act, Title 65.2 of the Code of Virginia, and to remain current in complying with legislative changes in the Act. This includes filing all forms, notices, records, or any other documentation as required by the Virginia Workers' Compensation Act or by the Virginia Workers' Compensation Commission (VWCC).

2. **Reporting and Service:**
   - First Report of Accident (FRA) process.
   - 24 hour 800 number and online reporting.
   - File FRAs with the state.
   - Verification of eligibility process.

3. **Issuing Checks for Bills and Compensation**

   Issuing checks to reimburse providers and to make Worker's Compensation payments to County claimants. Integrating this service with claims adjustment and utilization management services. Payment reconciliation process.

**Bill Review**

Hospital bill audit; bill review and reduction to community rate, as permitted by the Virginia Workers' Compensation Act; bill review to screen out inappropriate/unrelated charges; explanation of Benefits to employees and/or employers; medical bill review.

**Case Management — Medical and Associated Services**

Initial contact for medical exchange, case management, return-to-work process, follow-up contact, case management interventions, physician referrals, vocational rehabilitation assistance.

**Utilization Management and Other Managed Care Services**

Case management services, coordination between UM and claims administration and adjustment and case management services.

**General Program Aspects**
Introducing services to County employees, program coordination, implementation, internal quality management/ improvement program.

**Property and Liability**

Claim investigation, maintain claim files, assessing auto physical damage, building damage claims, subrogation, establish claim reserves, claims management, claim status reports, assist with litigated claims, provide special adjusters, payment recommendations, advice on liability and settlement, control audit of open claim files.
June 7, 2007

Mr. William H. Wood, Risk Manager
Arlington County
Human Resources Department
Risk Management Office
2100 Clarendon Blvd., Suite 511
Arlington, VA 22201

RE: Third Party Claims Administration
Arlington County RFP# 93-07

Dear Bill:

On behalf of the entire PMA Management Corp. staff I want to thank you and Will for meeting with us on Tuesday. Please use this letter as a summary of the items that we agreed to. These items are official amendments to our proposal and we will be bound to these items accordingly.

Under separate attachment you will find our revised pricing that we proposed to the County on Tuesday. This should be considered as our “best and final” offer for the TPA services in question. You will notice that this document now includes the Record Only rate and the PPO and Cost Containment charges that we discussed.

Also under separate cover you will find our 2007 All Lines Sample TPA Agreement. This agreement is generic in nature but should be what your legal department needs to complete a County contract. Should you need a completed version of this document please ask and it will be mocked up with Arlington County specific information.

In addition to the normal on-site CINCH training to be provided to Arlington County by Kat Snowe, we also agree to have Kat assist you with creating and establishing appropriate location coding to support your Risk Master program. We agree that Kat’s assistance will be included in our pre-established costs as long as they do not become too onerous. With your assistance, we will monitor her involvement and if it becomes too heavy, we may establish a separate contract for this service.

We also agree to assist you in creating the appropriate financial vehicle for claim payment reimbursement that is amicable to both parties. When appropriate, please have a liaison from your financial department contact Joe Garzone, in our Home Office Financial Department to discuss the funding mechanism. Joe can be reached at 610-397-5035.

The Premier Provider of Results-Driven Risk Management Services

CenterPointe, Suite 4000 • 200 International Circle • Hunt Valley, MD 21030
Phone (410) 785-0500 • Fax (410) 527-9180 • www.pmagroup.com
Furthermore, we agree to provide the necessary help to the County to assist and support with the rollout of PMA Management Corp. as the potential new TPA for the County. This support will come in a variety of forms including, but not limited to, the following:

- On site training of staff members
- Document creation for County employee notification
- Blast E-mail assistance

Bill, we understand that formal contracts cannot be put in place immediately by your legal department but that the County wants to proceed as quickly as possible. In lieu of formal contracts, we agree to proceed with the transition plan that we have discussed once we receive written notification from you with the intention to proceed. As soon as you are able to notify us, we are ready and excited to begin working with you.

Please do not hesitate to contact me if you need further clarification on this letter or any other issues with PMA Management Corp.

Thank you again!

Sincerely,

[Signature]

David A. Sweigard, CPCU, CIC, CRM, ARM, AIS
Mid-Atlantic Business Development Manager

PC: Kat Snowe
John Waggoner
Revised Option 1 – Claims Handled in Richmond, Virginia

Breakdown of Fees – TPA
Workers’ Compensation TPA Services

PMA Management Corp will provide Arlington County, Virginia comprehensive cradle to grave Third Party Claims Administration services for all new claims for the per claims fees listed below. Contract period quoted is July 1, 2007 through July 1, 2011.

Cradle to Grave
Per Claim Fee (NEW - One Time Charge)

<table>
<thead>
<tr>
<th>Service</th>
<th>Fee</th>
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<tbody>
<tr>
<td>WC – Lost Time</td>
<td>$590</td>
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<tr>
<td>WC – Med Only</td>
<td>$100</td>
</tr>
<tr>
<td>Auto – Bodily Injury</td>
<td>$525</td>
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<tr>
<td>Auto – Property Damage</td>
<td>$525</td>
</tr>
<tr>
<td>Auto – Physical Damage</td>
<td>$250</td>
</tr>
<tr>
<td>GL – Bodily Injury</td>
<td>$525</td>
</tr>
<tr>
<td>GL – Property Damage</td>
<td>$525</td>
</tr>
<tr>
<td>Record Only – All Lines</td>
<td>$25</td>
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</tbody>
</table>

Cradle to Grave
Per Claim Fee (TAKEOVER – One Time Charge)

<table>
<thead>
<tr>
<th>Service</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>WC – Lost Time</td>
<td>$295</td>
</tr>
<tr>
<td>WC – Med Only</td>
<td>$90</td>
</tr>
<tr>
<td>Auto – Bodily Injury</td>
<td>$355</td>
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<tr>
<td>Auto – Property Damage</td>
<td>$355</td>
</tr>
<tr>
<td>Auto – Physical Damage</td>
<td>$250</td>
</tr>
<tr>
<td>GL – Bodily Injury</td>
<td>$355</td>
</tr>
<tr>
<td>GL – Property Damage</td>
<td>$355</td>
</tr>
</tbody>
</table>

Fees:

- Monthly Download to RiskMasterX: Included
- Annual Administration Fee: Included
- PMA CINCH: Included
- Telephonic Case Management: $85/Hour at client’s request
- On-Site Case Management: $95/Hour at client’s request
- Risk Control: $125/Hour at client’s request
- Data Conversion: $4000 One time charge
- Cost Containment: $8.25 per bill
- PPO Savings: 35% of PPO Savings