

CLAIMS SERVICE ADMINISTRATION AGREEMENT FOR  
LONG TERM DISABILITY ("LTD") FOR THE CITY OF GLENDALE, AZ POLICE  
AND FIRE DEPARTMENTS AND SHORT TERM DISABILITY ("STD") FOR THE  
CITY OF GLENDALE, AZ EMPLOYEES EXCLUDING POLICE AND FIRE  
DEPARTMENTS

THIS CLAIMS SERVICE ADMINISTRATION AGREEMENT ("Agreement") is made and entered into effective this 1st day of July, 2015 ("Effective Date") by and between City of Glendale ("City"), and Union Security Insurance Company ("Claims Service Administrator") (collectively, the "Parties").

WHEREAS, the City has established a self-funded long-term disability plan ("LTD Plan") for the City of Glendale Police and Fire Departments; and a self-funded short-term disability plan ("STD Plan") for City of Glendale employees excluding Police and Fire Departments, to provide for the payment of disability Plan benefits to eligible Plan participants (as defined in the Plan); and

WHEREAS, the City has requested that Claims Service Administrator review and make determinations on claims submitted pursuant to the Plan, which the City submits for review; and

WHEREAS, Claims Service desires to accommodate the City.

NOW THEREFORE, in consideration of the mutual promises contained herein, and the payment of fees and charges set forth in Exhibit 1, the Parties hereby agree as follows:

I. Definitions

As used in this Agreement the following terms shall have the stated meanings:

- A. Plan means both the self-funded long-term disability plan ("LTD Plan") for the City of Glendale Police and Fire Departments and the short-term disability plan ("STD Plan") for all other City of Glendale employees excluding the Police and Fire Departments established by the Plan Sponsor as set forth in the Plan Document.
- B. Plan Year means the 12-month period of the time as defined in the Plan Document.

II. Submission of Information

- A. The City may submit Plan claims to Claims Service Administrator for review and handling. The City shall provide all information requested by the Claims Service Administrator including, but not limited to, the following:
  - 1. A copy of the Plan Document, Summary Plan Description and any other documents or material in whatever medium evidencing Plan guidelines or procedures.

2. Confirmation of the claimant's salary/earnings and eligibility for participation in the Plan.
3. The claimant's effective date of coverage under the Plan.
4. A completed claim form, in a format that is acceptable to Claims Service Administrator.
5. Any other information reasonably requested to enable Claims Service Administrator to perform its duties under this Agreement.

III. City's Responsibility

- A. The City authorizes the Claims Service Administrator to process claims for Plan benefits and to issue drafts for payment to Plan participants. The City shall promptly reimburse Claims Service Administrator in accordance with Section VIII an Exhibit 1, which is attached and incorporated herein by reference, for all drafts issued by Clams Service Administrator pursuant to this Agreement.
- B. Notwithstanding any other provisions of this Agreement, the responsibility for the interpretation of Plan provisions, the determination of whether a benefit will be paid or denied and the liability for the payment of any benefits under the Plan rests solely with the City. The City shall use its sole, unreviewable discretion in determining all claims and appeals without regard to the opinions or recommendations of Claims Service Administrator. The Plan Sponsor's decision will be final.
- C. The Parties acknowledge and agree that Claims Service Administrator does not insure or underwrite the liability of the City under the Plan. The City remains responsible and liable at all times for providing any Plan benefits and operating the Plan in accordance with its terms and any applicable state or federal laws and regulations. Except as may be otherwise provided in Article IV, paragraph 7, the City shall be responsible for complying with all reporting and disclosure requirements including, but not limited to, preparation and distribution of Summary Plan Descriptions and the preparation and filing of any required Form 5500.
- D. Should the City decide to take action contrary to Claims Service Administrator's determination, the City shall prepare and immediately forward to Claims Service Administrator its decision in writing, including the basis for its decision. Claims Service Administrator will notify the claimant in writing of the decision reached by the City on the claim, the basis for that decision, and the right to appeal that decision.
- E. In the event a benefit is overpaid or paid in error, the Parties shall cooperate with each other in seeking reimbursement of the overpaid amount from the claimant. It shall be the sole responsibility of the City to collect any overpayment.
- F. The City shall communicate to the Claims Service Administrator, in writing, any

modifications or amendments to the Plan at least thirty (30) days prior to the effective date of any Plan modification or amendment. Any such amendment or modification shall not be implemented retroactively.

#### IV. Claim Administration Service

Upon receipt of the submitted claims, Claims Service Administrator shall perform certain services with respect to the review of Plan claims made by Plan participants including, but not limited to, the following:

1. Obtain appropriate and adequate documentation to make informed determination regarding submitted claims under the Plan.
2. Review all aspects of the submitted claims including review of all documents and information, medical and otherwise, obtained to review eligibility for benefits and the amount of benefits, if any.
3. Pursuant to Article VII, use the service of third parties, e.g., physicians, rehabilitation experts, investigators, etc. as deemed appropriate by Claims Service Administrator.
4. Subject to Article III, determine whether the claimant is entitled to benefits under the terms of the Plan and if so, calculate benefit amounts and notify Plan Sponsor whether the claim should be accepted or denied.
5. Complete claim determinations within seven (7) days after the receipt by Claims Service Administrator of all information necessary to make such a determination.
6. Notify claimants in writing as to the decision reached on the claim, the basis for the decision and their right to appeal the decision.
7. Withhold and report any income taxes withheld and any Social Security and Medicare taxes withheld from each benefit payment. Annually prepare, file and forward to claimant, under Claim Service Administrator's taxpayer identification number, any required Form W-2's reporting benefits paid.
8. Quarterly notify the City of the amount of Social Security and Medicare taxes withheld from benefits paid. The City shall be responsible for reporting and paying the employer portion of Social Security and Medicare taxes and for any federal and/or state unemployment taxes on taxable benefits paid.

V. Appeal Process

- A. All appeals shall be handled in accordance with the Plan Document.
- B. In the absence of an appeals process in the Plan Document, the appeals process shall be as follows:
  - 1. If the Plan allows for only one level of appeal, that appeal shall be handled and determined by the City.
  - 2. If the Plan allows for more than one level of appeal, the first appeal of a denied claim shall be reviewed by the Claims Service Administrator's Team Leader and/or Manager. The claim may also be reviewed by medical personnel, consultants or third-party experts provided by the Claims Service Administrator and other Claims Service Administrator personnel or third-party vendors, as necessary. Claims Service Administrator will formulate a decision on the first appeal and provide that decision in writing to the City.
  - 3. Notwithstanding any other provisions of this Agreement, and as provided by Article III, the City shall use its own discretion in determining all appeals, without regard to the determination by Claims Service Administrator.
  - 4. If the City concurs with the Claims Service Administrator's decision as formulated according to subsection 2 above, Claims Service Administrator will notify claimants in writing of the decision reached on the claim, the basis for the decision, and their right to appeal the decision.
  - 5. If the City does not concur with the Claims Service Administrator's decision as formulated according to subsection 2 above, City will notify claimants in writing of the decision reached on the claim, the basis for the decision, and their right to appeal the decision.
  - 6. Any additional appeals thereafter shall be handled and determined solely by the City.

VI. Consultation

Claims Service Administrator may consult with the City and the City shall cooperate with Claims Service Administrator during the review of any claim or the appeal of any disputed claim.

VII. Vendor Services

If the Claims Service Administrator determines that outside vendor services are necessary, Claims Service Administrator will seek prior written approval from the City before retaining the services of a subcontractor or third party vendor. If approved by the City, the outside vendor services will be considered an additional service provided to the City by Claims Service Administrator under this Agreement. Fees and charges incurred in connection with these services shall be billed and paid by the City

in accordance with Exhibit 1.

VIII. Administration Fees and Benefit Payment Reimbursement

- A. The City shall pay to Claims Service Administrator an administration fee in accordance with paragraph C below. The administration fee for the initial term of this Agreement and other applicable charges are set forth in Exhibit 1.
- B. The City shall also reimburse Claims Service Administrator for all Plan benefit payments in the manner provided in Exhibit 1.
- C. The Claims Service Administrator shall send a monthly itemized statement ("Claims Service Administrator's Itemized Statement") to the City setting forth all unpaid fees and charges and Plan benefits paid in the prior month(s). Within ten (10) business days of receipt of the Claims Service Administrator's Itemized Statement, the City shall remit full payment to Claims Service Administrator in the manner set forth in Exhibit I. Administration fees, charges and Plan benefit payments shall be funded in the same manner as specified in Exhibit 1 unless the parties agree in writing to alternate arrangements.
- D. If the City at any time fails or refuses to pay any amount due and payable under this Agreement, Claims Service Administrator, upon twenty-four (24) hours' notice, and in its sole discretion, may:
  1. Stop processing any further claims and stop making any benefit payments until the outstanding amounts are received;
  2. Change the frequency of the billing and reimbursement procedures;
  3. Change the method of payment set forth in Exhibit 1; and/or
  4. Terminate this Agreement.
- E. If the Claims Service Administrator changes the method of payment in Exhibit 1, pursuant to paragraph D above, the City shall cooperate with the Claims Service Administrator in providing all necessary information to facilitate that change. The City shall also ensure that amounts due and payable to Claims Service Administrator shall be available to Claims Service Administrator within forty-eight hours of the date specified by Claims Service Administrator.
- F. As part of the renewal, the Claims Service Administrator may change the Plan administration fee. If the Plan administration fee is changed, Claims Service Administrator shall notify the City in writing of the change. The new Plan administration fee shall not become effective earlier than 30 days after the date such notice is given and the City agrees to such change. The City's agreement to any such change in the Plan administration fee will not be unreasonably withheld. If the City rejects the new Plan administration fee, Claims Service Administrator may, in its sole discretion: (i) elect to continue providing services under the existing fee arrangement then in effect; (ii) negotiate a new Plan administration fee with City; or

(iii) terminate this Agreement.

IX. Standard of Review

The standards to be used by Claims Service Administrator when making claim determinations under the Plan are those set forth in the Plan. These standards include, but are not limited to, the definition of disability, eligibility, amount of benefit, and the evidence required to establish proof of loss.

X. Files and Records

- A. The claim file related to the Plan is the property of the City and is available to City upon request. In order to implement this provision, forms authorizing the release of medical records must include the City as a possible recipient of such records. In the absence of a specific request for Plan records by the City, Claims Service Administrator will hold such records for the City for the same period of time that the Claim Service Administrator retains similar records in connection with its insurance business.
- B. Upon termination of this Agreement, Claim Service Administrator will return all Plan files to the City.
- C. The City shall reimburse the Claims Service Administrator's actual costs incurred in providing any and all information requested under this Section and all costs incurred in returning the City's files.
- D. The City agrees that in reviewing any records, claims files or other information, it shall comply with the requirements set forth in Section XIV.
- E. Upon Claims Service Administrator's receipt of a subpoena, court order, child support order or any other judicial order compelling production of Plan records, Claims Service Administrator shall immediately forward to the City a copy of such order along with the Plan records provided by Claims Service Administrator to comply with the order.

XI. ERISA

- A. This Agreement shall not be considered an employee welfare benefit plan under the provisions of the Employee Retirement Income Security Act of 1974 and any amendments thereto (ERISA) and the City shall be solely responsible for any duties and responsibilities imposed on it by ERISA, if any.
- B. For purposes of this Agreement and the duties performed thereunder, Claims Service Administrator is not a fiduciary as defined by ERISA.
- C. Claims Service Administrator shall have no power or duty to act on behalf of the City concerning the Plan except as expressly stated in the Plan and this Agreement. Claims Service Administrator has no discretionary authority or

control over the Plan or the Plan Administration.

XII. Indemnification

Unless due to the willful misconduct or gross negligence of Claims Service Administrator, the City shall indemnify and hold harmless Claims Service Administrator, its directors, agents, officers, and employees from and against any and all claims, lawsuits, settlements, judgements, awards, orders, cost, penalties, damage and expenses, including attorney's fees or any other liabilities, resulting from, or arising out of, or in connection with Claims Service Administrator's services under this Agreement. This Agreement to indemnify shall survive the termination of this Agreement.

XIII. Term and Termination

- A. The term of this Agreement commences upon the Effective Date and continues for one (1) year from the anniversary of the Effective Date, unless the Agreement is terminated by a Party as provided in subsection C below.
- B. The City Manager may, at his/her option, and with the approval of the Claims Service Administrator, extend the term of this Agreement an additional two (2) years in one (1) year increments, renewable on the anniversary of the Effective Date of this Agreement. Claims Service Administrator will be notified in writing by the City of its intent to extend the Agreement period at least 30 calendar days prior to the expiration fo the original term or any renewal Agreement period. There will be no price adjustments except as provided in Section VII (Administration Fees and Benefit Payment Reimbursement) above. There are no automatic renewals of this Agreement.
- C. This Agreement shall be terminated as follows:
  - 1. Immediately upon the cessation of business by the City or the Claims Service Administrator.
  - 2. Immediately upon the bankruptcy or dissolution of the City or Claims Service Administrator.
  - 3. Immediately upon the City's failure to pay fees and charges when due.
  - 4. Thirty (30) days after one Party notifies the other Party, in writing, that it wishes to terminate the Agreement. Termination under this subsection may occur without cause and without providing the Party receiving such notice an opportunity 6to cure any condition that gave rise to the termination.
- D. Upon termination of this Agreement for any reason:
  - 1. Unless otherwise agreed to, Claims Service Administrator shall cease all services under this Agreement.

2. Within 30 days of termination, the City shall pay to Claims Service Administrator all fees, charges and Plan benefits determined to be due at the date of termination.
3. Claims Service Administrator shall return any City funds remaining in its possession within 30 days after a final accounting is prepared by Claims Service Administrator.

XIV. Confidentiality/Privacy

- A. As used in this Section, "Confidential Information" means any personal or health information of, or related to, Plan participants or as such information may be protected from disclosure applicable federal or state privacy laws or regulations. "Confidential Information" also includes "Non-public Personal Information" as that term may be defined in the Gramm-Leach-Bliley Act, including any information that is personal in nature, including but not limited to, name, address, telephone number, e-mail address, social security number, dates of birth and other consumer or credit information.
- B. Claim Service Administrator agrees to maintain the confidentiality of all Confidential Information received about Plan participants in accordance with state and federal laws and regulations.
- C. Claims Service Administrator shall implement and maintain reasonable information safeguards and security measures consistent with industry standards to protect against the unauthorized access to or use of Confidential Information.
- D. In the event that the City request any Confidential Information from Claims Service Administrator pursuant to this Agreement, such information shall be made available to the City in a manner that the Claims Service Administrator determines maintains confidentiality while still meeting the reasonable information needs of the City.
- E. The City assumes the same duty of confidentiality and security with regard to the Confidential Information as is required of the Claims Service Administrator. The City shall promptly notify Claims Service Administrator of any breach of security resulting in possible or actual unauthorized access to or release of Confidential Information.
- F. In addition to the above, the City agrees to use the Confidential Information only for the purposes for which it was disclosed and to not further disseminate or disclose this Confidential Information to other third parties, without written approval from the applicable Plan participant or as otherwise required by law, unless such disclosure is necessary for the City to meet its contractual obligations and the third party due to receive the Confidential Information is similarly bound by the same privacy standards in its handling of Confidential Information. Further, the City agrees, where

legally required, to comply with applicable privacy laws, including, but not limited to: (i) the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"); (ii) the Gramm-Leach-Bliley Act ("GLB"); (iii) any and all applicable state privacy laws; and (iv) any relevant regulations promulgated in conjunction with applicable privacy laws. The City agrees to cooperate with Claims Service Administrator to ensure its privacy compliance and to establish and maintain policies reasonably designed to assure the security of all Confidential Information.

XV. Notice

Any notice required under this Agreement shall be made in writing, and either personally delivered to the intended party, sent via overnight mail by a nationally-recognized carrier, or mailed by United States mail, certified or registered, postage prepaid, return receipt requested to the following address or such other address as the party may specify:

Claims Service Administrator: Union Security Insurance Company  
2323 Grand Boulevard  
Kansas City, Missouri 64108  
ATTN: Self-funded Admin. Dept.

and

Union Security Insurance Company  
PO Box 419423  
Kansas City, MO 64141-6423

City: Jim Brown  
Executive Director of Human Resources  
City of Glendale  
5850 W. Glendale  
Glendale, AZ 85301

XVI. General Provisions

- A. This Agreement shall be interpreted and governed by the laws of the State of Arizona.
- B. The recitals and the definitions within such recitals are incorporated herein by reference and shall apply to this Agreement.
- C. This Agreement constitutes the entire agreement between the Parties as to the matters addressed herein, and, as of the Effective Date, supersedes all previous agreements and understandings between the Parties with respect to the subject matter hereof.
- D. Neither Party shall use the other Party's name, trademark, brand, logo, or

symbol without the other's express written consent.

- E. Each Party agrees to notify the other within twenty-four (24) hours after receipt of notice of the commencement of any legal action relating to the Plan or this Agreement.
- F. Forbearance by a Party in enforcing one or more of the provisions of this Agreement shall not be deemed or construed to constitute a waiver of such right to take an action to enforce such term at a later date.
- G. The headings used in this Agreement are for convenience only and shall not be used in interpreting this Agreement.
- H. Nothing in the Agreement, whether express or implied, is intended to confer any rights or remedies on any persons or entities other than the parties to this Agreement.
- I. This Agreement may not be assigned or amended without the prior written consent of either party.
- J. Any modification or amendment to this Agreement shall not be effective unless agreed to in writing and signed by both Parties.
- K. No ambiguity or uncertainty herein shall be construed or resolved against any party whether under any rule of construction or otherwise.
- L. Survival. Except as specifically provided otherwise in this Agreement, each warranty, representation, indemnification and hold harmless provision, insurance requirement, and every other right, remedy and responsibility of a Party will survive completion of the services, or the earlier termination of this Agreement.
- M. Remedies. All rights and remedies provided in this Agreement are cumulative and the exercise of any one or more right or remedy will not affect any other rights or remedies under this Agreement or applicable law.
- N. Severability. If any provision of this Agreement is voided or found unenforceable, that determination will not affect the validity of the other provisions, and the voided or unenforceable provision will be reformed to conform with applicable law.
- O. Counterparts. This Agreement may be executed in counterparts, and all counterparts will together comprise one instrument.
- P. Conflict of Interest. This Contract is subject to A.R.S. § 38-511.
- Q. Immigration Law Compliance. Claims Service Administrator warrants, to the extent applicable under A.R.S. § 41-4401, compliance with all federal

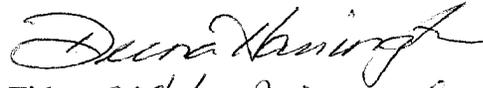
immigration laws and regulations that relate to its employees as well as compliance with A.R.S. § 23-214(A) which requires registration and participation with the E-Verify Program.

- R. Non-Discrimination Policies. Claims Service Administrator must not discriminate against any employee or applicant for employment on the basis of race, color, religion, sex, national origin, age, marital status, sexual orientation, gender identity or expression, genetic characteristic, familial status, U.S. military veteran status or any disability. Claims Service Administrator, and on behalf of any subcontractors, warrants compliance with this section.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement effective as of the date set forth above.

**UNION SECURITY INSURANCE  
COMPANY**

(Claims Service Administrator)

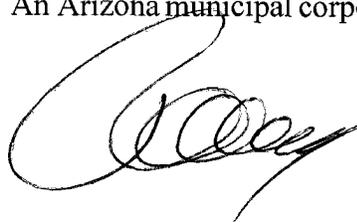


Title: *2nd Vice President, Customer Advocacy*

Date: *5/21/15*

**CITY OF GLENDALE,**

An Arizona municipal corporation



By: Dick Bowers  
City Manager

ATTEST:



Pamela Hanna (SEAL)  
City Clerk

APPROVED AS TO FORM:

City Attorney





## EXHIBIT 1

### FEEES AND CHARGES

1. The City shall pay Claims Service Administrator the following:
  - A. A monthly administration fee per new claim set-up: \$500.00;
  - B. A \$50.00 flat fee per active claim review; and
  - C. The actual costs incurred by Claims Service Administrator for vendor fees in connection with the Plan.
2. In the event the term of this Agreement is renewed or extended in accordance with Section XIII (Term and Termination) of the Agreement, the per claim fee is guaranteed to June 30, 2018, and is net of commissions paid to any third party.
3. Fees shall be remitted to Claims Service Administrator in the form of a check transaction.