

**ABC Company**  
**COBRA Administrative Services Agreement**

ABC Company, hereafter referred to as Employer, and Benefit Administration Company, hereafter referred to as Company, hereby enter into an agreement whereby the Company shall provide the Employer with certain administrative services for the operation of Employer's COBRA requirements herein referred to as the Plan.

In consideration of the mutual promises contained herein, the parties agree as follows:

**1 Purpose of Contract**

1.1 Employer agrees to employ the Company to provide the Employer with administrative services for the operation of the Plan, and to compensate the Company, in accordance with the terms of this contract, for the performance of such services.

1.2 Company agrees to perform services in accordance with the provisions of this contract.

**2 Services**

2.1 Company shall:

- A. Maintain offices with facilities and personnel adequate to perform the services provided for herein.
- B. Receive and process qualifying event notifications. Review of notification requests will include verification of eligibility. Company may, in processing notices, communicate either by phone, email, fax or letter with the Employer or Qualified Beneficiary.
- C. Pay approved premiums to insurance carriers for COBRA coverage to the extent that the Employer or Qualified Beneficiary has provided funding.
- D. Maintain an archived record of notices.
- E. Upon appeal by a plan participant, provide a complete review of the appealed claim settlement, notifying both the participant and Employer of the result of the review.
- F. Provide Employer with a monthly report summarizing employee participation in the plan.
- G. Provide monthly administrative services in accordance with contract.

2.2 The services to be provided by Company are ministerial in nature, which is to say that Employer retains all authority and responsibility as Plan sponsor.

2.3 Services under this contract are not in effect until both parties have signed the administrative services contract and agreed to a start date.

- A. Company is not responsible for any notifications that occurred prior to the start date of the contract.
- B. Company is not responsible for any current COBRA participant tracking or prior notice tracking, except as agreed upon between both parties prior to the start date of the contract.

### **3 Accountability**

3.1 The Company will carry out its administrative functions with reasonable care using practices generally accepted by service organizations providing such functions to employee benefit plans.

3.2 Company *Not the Insurer*. Employer agrees that the sole function of Company is to provide administrative services and that the Company shall have no liability for the funding of participant premiums.

### **4 Records and Documents**

4.1 Company agrees that all forms, lists of names, journals, ledgers and all other recorded information and documents incidental to administration of this Plan are and shall remain the property of Employer.

4.2 All data stored on data processing media pertaining to the Plan is the property of Employer. In the event of termination of administrative services, Company will assist the Employer in identifying; understanding and decoding said information and data. Company shall be reimbursed for such work (at the hourly rates set forth in Appendix A).

4.3 The following materials are property of Company and Employer agrees that it shall have no right to use such materials following termination of this contract:

- A. Administrative procedure manuals;;
- B. Data processing systems; and
- C. Computer programs.
- D. Notice Forms
- E. Election Forms

### **5 Governing Law and Validity**

5.1 The validity, interpretation and performance of this contract shall be controlled and construed according to the laws of the State of Washington.

5.2 Employer agrees that Company is not a successor to any previous administrative service organization.

### **6 Fees**

6.1 As of the first day of each calendar month, Company shall submit, for payment by Employer, an invoice, which shall set forth the fee for administrative services during that month. The fee schedule shall be as set forth in Appendix A.

6.2 Annually, Company shall submit, for payment by Employer, an invoice that shall set forth the fee for annual renewal services.

6.3 Employer will pay Company the amount shown on the invoice within thirty days of receipt thereof or otherwise agreed by the parties.

## **7 Proprietary and Confidential Information**

7.1 Employer agrees that Company shall not be obligated to disclose any proprietary or confidential information of Company to Employer or Employer's designee. Company agrees not to disclose any Employer information to others without prior approval of Employer.

## **8 Entire Contract**

8.1 This contract embodies the entire contract and understanding of the parties and supersedes all prior oral and written communications between them. Only a written statement signed by both parties hereto may modify the terms. This contract is for the sole benefit of Employer and its successors, and Company and its successors or entities, and shall not be construed as granting any rights in favor of any other persons.

## **9 Term of Contract**

9.1 This contract shall become effective when signed by both parties, and shall remain effective until terminated. Either party may terminate this contract or offer to modify it by giving thirty (30) days advance notice, set in writing, to the other party. The 30-day requirements of this paragraph may be waived by the mutual consent of the parties hereto.

9.2 Any notice required or permitted to be given pursuant to paragraph 9.1 hereof shall be in writing and shall be served upon the other party personally, or by certified mail, postage prepaid, return receipt requested, unless otherwise provided herein.

## **10 Insurance and Indemnification**

10.1 The Company shall bond its employees who have access to Employer funds and carry adequate liability and errors and omissions insurance during the term of this Agreement. Upon request, the Company shall provide Employer with certificates of insurance evidencing the insurance coverage required under this section and providing for not less than thirty (30) days notice to Employer of the cancellation of such insurance.

10.2 Each of the parties hereto agrees to be liable for its own conduct and to indemnify the other party against any and all losses therefore. In the event that loss or damage results from the conduct of more than one party, each party agrees to be responsible for its own proportionate share of the claimant's damages under the laws for the State of Washington.

## **11 Arbitration**

11.1 In the event of any dispute under this agreement, the parties agree to binding arbitration in Seattle, Washington, in accordance with the Commercial Arbitration Rules of the American Arbitration Association and with discovery being governed by the Federal

Rules of Civil Procedures applicable in the United States District Court for the Western District of Washington. Each party will name one arbitrator, and the arbitrators so chosen will name a third neutral arbitrator. Judgment upon the award rendered by the arbitrators may be entered into the judgment docket of any court having jurisdiction thereof. The parties to it shall share the cost of arbitration equally. Each party shall be solely responsible for its attorneys' fees, if any. The obligation set forth in this section shall survive the termination of this Agreement.

**12 Non-Assignability**

12.1 This Agreement is personal to the Company and may not be assigned.

This Agreement shall be binding upon the Company and its successor, and the Employer and its successors.

In Witness whereof, the parties hereto have caused this contract to be signed and executed by there authorized signatures as shown below:

**For Benefit Administration Company LLC**



By: \_\_\_\_\_  
Date: July 31<sup>st</sup>, 2009

Title: CAO

**For ABC Company**

By: \_\_\_\_\_  
Date: \_\_\_\_\_

Title: \_\_\_\_\_

**APPENDIX A**

**COBRA ADMINISTRATION SERVICE FEE SCHEDULE**

**I. Cobra Administration Services**

Set-Up Fee: WAIVED  
 Take-Over Fee: WAIVED

\*Fee assessed on each enrolled COBRA Participant transferred to BAC

Per Qualifying Event: WAIVED

- Mail Initial Notification with Election Reply Form via 1<sup>st</sup> Class Mail
- Track 60 Day Election Period
- Track 45 Day Grace Period
- Provide Initial Premium Notice With Payment Coupons

On-Going Monthly Service: (Per Participant)

Monthly Service	Base Fee	WAIVED
	Per Participant	WAIVED

Includes:

- Track Monthly Premium Payments – 30 Day Grace Period
- Provide Notice via 1<sup>st</sup> Class Mail (as applicable)
  - Under payment
  - Cancellation for failure to make payment
  - Cancellation at end of eligibility period
- Open Enrollment Package with Letter and New Rates
- Periodic Reports
  - Monthly Confirmation of Premiums Collected
  - Monthly Notification of Letters Issued
  - Annual Participant Status
- Conversion Notification Letter
- Medicare Eligibility Letter
- Toll Free (800) Line for Customer Service Inquiries

Other/Special Services:

- |  |          |
|--|----------|
| • Initial COBRA Notice                     | WAIVED   |
| • Carriers File/Programming                | WAIVED   |
| • Direct Premium Payment to Vendors        | included |
| • Custom Reports/Programming               | WAIVED   |
| • Customization of Open Enrollment Package | WAIVED   |
| • NSF Check Fee                            | \$30.00  |
| • Overnight/Courier Service Delivery       | WAIVED   |

**II. Fees and Terms of Payment**

ABC Company agrees to pay Benefit Administration Company LLC for the services to be performed hereunder according to the fees quoted above. Benefit Administration Company, LLC, invoices fees monthly and payment is due within 30 days from receipt of invoice. All hourly rate fees, as listed under *Special Services*, will be communicated to and agreed upon by ABC Company prior to commencement of the work. Benefit Administration Company LLC reserves the right to change its service fees after giving the employer 90 days notice.

**III. Effective Period of this Agreement**

This Agreement is effective upon the signatures of both parties hereto and shall continue until either party terminates it. Either party can terminate this Agreement upon providing the other party with 30 days written notice.

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
ABC Company



Dated: October 5, 2009

By: \_\_\_\_\_  
Benefit Administration Company LLC