

Memorandum

City of Taylor

To: Mayor and Members of the City Council
From: Starla Hall, Human Resources Manager
Date: August 19, 2004
Re: Renewal of Insurance Consultant Agreement

You will find enclosed the City's consulting agreement with Insurors of Texas to be effective 10-1-04 through 9-30-05. Insurors of Texas has provided the City and our employees with exceptional service since April 2002 and we would like to continue with their services. Insurors of Texas helps the City with strategic benefit planning, design, funding, administration and communication with respect to our benefit programs. Some examples of their services is coordinating our annual health fair, annually creating employee benefit statements, payroll stuffers and COBRA/HIPAA training seminars for the Human Resources Manager. Their assistance with employee claims and issues is a tremendous need because of the new HIPAA laws and regulations that went into effect this past April. Their proposed fee for these services for 2004-2005 is \$10,000, the same amount as last year. It is recommended that the City Council authorize the City Manager to enter into an agreement with Insurors of Texas to provide consulting services on employee benefit issues for a period of one year commencing October 1, 2004 and ending September 30, 2005.

Consulting Agreement

This Consulting Agreement, hereinafter referred to as "Agreement" is between The City of Taylor, hereinafter referred to as "Client" and Insurors of Texas, hereinafter referred to as "Consultant."

WHEREAS, Client wishes to obtain the assistance of Consultant with strategic benefit planning, design, funding, administration, and communication with respect to its employee benefit programs;

WHEREAS, Consultant has superior knowledge and expertise in assisting employers with designing and servicing employee benefit plans; and

WHEREAS, the parties wish to set forth their respective expectations;

Now, therefore, for good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the parties hereby agree as follows:

1. Scope of Services to be Provided by Consultant

Consultant will provide Client with consulting and brokerage services for the following compensation and benefit programs listed below:

- Medical (including retirees)
 - Prescription Drugs
 - Dental
 - Vision
 - Short Term Disability/Salary Continuation
 - Long Term Disability
 - Group Life Insurance
 - Voluntary Life and AD&D
- A. Strategic Benefit Planning.** Consultant will provide assistance in developing overall plan benchmarks and targets to ensure that the plan meets the objectives of Client and its employees.
- B. Benefit Design.** Consultant will help to ensure that benefit designs are consistent with the strategic benchmarks and targets set forth in the strategic benefit planning process.
- C. Administration.** Consultant will identify core administrative services, assess vendor performance, and manage vendor relationships to provide appropriate program administration.
- D. Funding.** Consultant will advise and counsel regarding program funding alternatives, including review fee proposals, recommend budget rates, employee contribution rates, and COBRA rates.
- E. Communication.** Consultant will assist in drafting employee communications regarding benefit program performance and changes, and assist in the review of plan documents and insurance certificates during the planning and enrollment process.
- F. Compliance Tools & Legislative Information.** Consultant will provide informational materials on legislative developments impacting employee benefit plans, including access to online reference tools on topics such as FMLA, COBRA, HIPAA, HIPAA Privacy, and Section 125.
- G. Meetings with Client and Vendors.** Services will include attendance at and facilitation of regular meetings with Client and vendors as needed to facilitate program management including day-to-day operations and planning program changes.

- Consultant shall meet with Client on a quarterly basis to review all activities performed by Consultant during the prior quarter. The meetings will include discussion of business concerns, including presentations of options and recommendations.
- Consultant shall meet with Client semi-annually to discuss review of the program, state of the marketplace, progress made toward strategic plan, and developments within Client's organization.
- Consultant shall meet with Client annually to review the claims and plan performance report for the preceding year, determine if the Client requires a Request for Proposal, determine a timeline for a Request for Proposal, and agree upon Consultant's fees for the next twelve month period.

H. Day-to-Day Administrative Issues. Consultant shall provide assistance in the daily administration of programs, including resolution of vendor service issues and addressing questions and concerns raised by Client's employees and management.

2. Disclosure and Record Keeping

- A. Full Disclosure.** Client has the right to approve any arrangements and/or the utilization of any intermediaries in connection with, or arising out of, or in any way related to Client's insurance and risk management program. Consultant must seek approval from Client prior to the use of any of the above in connection with the Client's insurance and risk management program.
- B. Record Keeping.** Consultant will maintain accurate and current files including, but not limited to, insurance policies and correspondence with insurers or brokers in accordance with industry standard record retention practice or as otherwise directed by Client.

3. Term & Termination

- A. Term.** This initial term of this Agreement shall be one year, commencing on October 1, 2004 and ending September 30, 2005 ("Initial Term") with fees also guaranteed for 2005 - 2007. Thereafter, this Agreement will remain in effect until terminated as described below.
- B. Termination.** This Agreement may be terminated by either party only as follows:
 - a) Effective upon thirty (30) days advance written notice to the other party stating that such other party is in breach of any of the provisions of this Agreement, provided such breach (if able to be cured) is not cured within fifteen (15) days after the notice is received;
 - b) effective upon sixty (60) days advance written notice to the other party given with or without reason; provided such notice is given after the Initial Term; or
 - c) By mutual written agreement of the parties.

4. Cost of Services

Consultant professional fees are based upon time expended by specific individuals. The fees do not include out-of-pocket expenses, including expenses related to travel outside of the state. Client agrees to pay Consultant professional fees as outlined in Exhibit 1. These annual fees are payable in quarterly installments or lump sum and Consultant agrees to submit invoices to Client on a quarterly basis if this option is chosen.

Additional programs and services outside the scope of this agreement can be provided on a project basis for an additional fee to be disclosed in writing and shall be undertaken upon mutual agreement between Consultant and Client.

This sample Consulting Agreement is provided as a starting point to develop tailored documents. This Consulting Agreement does not constitute legal advice and is provided "as is." This document must be modified to reflect the parties' business relationship and any obligations imposed upon the parties by state law.

The City of Taylor

Signature

Date

Title

Insurors of Texas

Signature

Date

Title

Exhibit 1 Consulting Fees

Description	
Develop a Formal Request For Proposal, including <ul style="list-style-type: none"> ▪ Create, customize, and write RFP ▪ Receive responses, date and time stamp ▪ Review and analyze Vendor Responses ▪ Create Vendor Report Card ▪ Communication with Vendors on responses ▪ Contract Negotiations ▪ Fee Negotiations, including Best and Final Offers ▪ Create Summary Comparison for all competitive Vendors ▪ Recommend plan design changes ▪ Presentation of RFP results to the City of Taylor 	
Implementation <ul style="list-style-type: none"> ▪ Coordinate enrollment meetings with Vendors ▪ Oversee all enrollment meetings ▪ Collect applications, check for accuracy and correct any incorrect applications ▪ Assist the City of Taylor with Master Applications 	
Ongoing Account Management <ul style="list-style-type: none"> ▪ Provide unlimited Account Management on all product lines ▪ Monitor plan performance ▪ Resolve all employee claim issues ▪ Communicate plan design changes ▪ Provide Client with access to MyWave™ 	
Additional Services <ul style="list-style-type: none"> ▪ Test employee perceptions using online employee surveys ▪ COBRA/ HIPAA Seminars ▪ Annual Health Fair coordination ▪ Annually create Employee Benefit Surveys 	
2004-2005 (Initial Term) Fees	
Annual Fee if paid quarterly	\$12,000
Annual Fee if paid in one Lump Sum	\$10,000
2005-2007 Fees	
Annual Fee if paid quarterly	\$12,000
Annual Fee if paid in one Lump Sum	\$10,000

The above fees do not contemplate any special projects that would be requested outside the Scope of Services listed in the Contract.

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