

Meeting Date: 9/9/2014

Report Type: Consent

Report ID: 2014-00670

Title: Agreement: Workers' Compensation Claims Management Software Program

Location: Citywide

Recommendation: Pass a Motion authorizing the City Manager to execute an agreement with CSAC Excess Insurance Authority for a workers' compensation claims management system for a term of five years with a cost not to exceed \$550,000.

Contact: Geri Hamby, Director, (916) 808-7173; Patrick Flaherty, Risk Manager, (916) 808-8587, Department of Human Resources

Presenter: None

Department: Human Resources

Division: Workers' Compensation

Dept ID: 08001371

Attachments:

1-Description/Analysis

2-Agreement

City Attorney Review

Approved as to Form

Sandra Talbott

9/3/2014 4:05:19 PM

Approvals/Acknowledgements

Department Director or Designee: Geri Hamby - 8/26/2014 2:31:52 PM

Description/Analysis

Issue Detail: The City of Sacramento currently owns a PC Insurance Systems (PCIS) Workers' Compensation Claims Management System License which City staff utilize to process the City's workers' compensation claims. The fourth year of the five year maintenance contract with PCIS is set to expire on September 7, 2014. City staff wants to enter into an agreement with CSAC Excess Insurance Authority (EIA) to transition to the EIA's workers' compensation claims management provider, Systema, as Systema's software is more robust and lower in cost. The EIA is an excess insurance authority that is a member-directed risk sharing pool of counties and public entities committed to providing risk coverage and risk management services. The EIA provides coverage and services to approximately 308 public entities in California. The City executed a Memorandum of Understanding with the EIA on June 1, 2001, joining the EIA's excess workers' compensation program. The City currently purchases excess workers' compensation, pollution and crime insurance through the EIA. The EIA conducted a Request for Proposal (RFP) for a workers' compensation claims management software provider in the summer of 2012 and selected Systema as the most qualified provider. As the EIA conducted an extensive RFP and the City is a member of the EIA, the City can opt into the contract between the EIA and Systema and receive discounted pricing on the software program. Transferring to Systema's workers' compensation claims management software will achieve operational efficiencies and administrative cost savings over the current system.

Policy Considerations: The current policy is to self-fund and self-administer the City's workers' compensation program and purchase excess insurance for claims over \$2,000,000. The City utilizes workers' compensation claims management software to administer the City's workers' compensation claims. Transitioning to the EIA selected workers' compensation claims management software will increase productivity and result in cost savings to the City.

Environmental Considerations: Under the California Environmental Quality Act (CEQA) guidelines, continuing administrative activities do not constitute a project and are therefore exempt from review.

Sustainability: There are no sustainability considerations applicable to this action.

Rationale for Recommendation: Transitioning to the EIA selected workers' compensation claims management software provider, Systema will increase productivity in the workers' compensation unit due to the increased functionality of the software and provide cost savings to the City. The recommendations in this report are in accordance with provisions of the City Code Section 3.56.240, which allows for the use of contracts of other government jurisdictions or public agencies without separate competitive bidding by the City upon approval of the City Council.

Financial Considerations: The cost under this agreement is not to exceed \$650,000 for the five-year term. The savings are approximately \$5000 per year for

each year of the contract compared with the prior provider. However, savings will be approximately \$40,000 per year in subsequent years as all transition costs will have been paid within the five-year contract period. There is sufficient funding available within the allocated Risk budget for FY2014/15, future years are subject to funding availability in the adopted budget for the applicable fiscal year.

Local Business Enterprise (LBE): Not Applicable. The EIA is located in the Sacramento area. Systema is not a local business.

**CSAC Excess Insurance Authority
Systema Software, LLC
Participating Entity Service Agreement
City of Sacramento**

This agreement is made and entered into as of September 9, 2014, between the CSAC Excess Insurance Authority, hereinafter referred to as “EIA” and City of Sacramento, hereinafter referred to as “Member”.

Whereas, the EIA has entered into an agreement with Systema Software, LLC (SIMS) to provide software licenses for the SIMS claim system, support, maintenance, and ASP services in order to utilize the SIMS system; and

Whereas, pursuant to that agreement, EIA may sublicense SIMS claims to a qualified Large Member via an addendum to that agreement; and

Whereas, EIA and SIMS intend to execute an addendum to that Agreement to provide the services and goods outlined in the City of Sacramento Proposal, attached, after the execution of this Agreement.

Now, therefore, the parties agree as follows:

EIA agrees to issue SIMS software licenses to Member, and Member agrees to utilize the SIMS system under the same terms and conditions provided for in the agreement between the EIA and Systema Software, LLC, a copy of which is attached as Exhibit A, as well as the terms and conditions set forth in the City of Sacramento Proposal, a copy of which is attached as Exhibit B.

Member agrees to pay EIA based on the “InterFund Borrowing” payment plan as detailed in the agreement between EIA and Systema Software, LLC. All conversion costs will be paid pursuant to the InterFund Borrowing model identified in Exhibit B and annual fees will be paid as they become due. Based on City of Sacramento’s system defined by seventeen (17) Workers’ Compensation access licenses and four (4) additional Optional modules and four (4) Connectors [Document Image Management Module, Check Issuance Module, SIMS CMS Direct, SIMS Portal Module, ISO Claim Search Connector, Medical Bill Review Connector, General Ledger Connector, and Employee (HR) Connector], Member shall pay, upon receipt of invoice. The Maintenance & Support costs will increase in subsequent years based on the CPI. The Annual fees will be pro-rated if the Member enters this agreement mid-year (based on a July 1 fiscal year).

This agreement shall become effective upon execution and shall automatically renew on July 1, 2015, and thereafter continue to renew for successive one (1) year periods through June 30, 2020. However, either party may terminate the agreement sixty days after issuing a written notice of termination to the other party. If either party terminates this agreement, the Member shall be provided the opportunity to contract directly with Systema Software, LLC for SIMS software licenses.

This Participating Entity Service Agreement has been duly executed by each party as of the day and year first above written.

MEMBER

CSAC Excess Insurance Authority

Name: _____

George Reynolds
Chief Information Officer
CSAC Excess Insurance Authority

Title: _____

Date Signed: _____

Date Signed: _____

Entity: City of Sacramento

EXHIBIT A

MASTER SOFTWARE LICENSE AND PROFESSIONAL SERVICES AGREEMENT

This Master Software License and Professional Services Agreement (“Agreement”) is entered into effective April 4, 2013 (“Effective Date”) by and between Systema Software LLC, a California limited liability company, with a place of business at 60 E Sir Francis Drake Blvd, Suite 209, Larkspur, CA 94939 (“LICENSOR”), and CSAC Excess Insurance Authority, a California Joint Powers Authority, with its place of business located at 75 Iron Point Circle, Suite 200, Folsom, CA 95630 (“LICENSEE” or “CSAC EIA”).

RECITALS

- A. LICENSOR is engaged in the business of providing claims management software and services to the general public; and
- B. LICENSEE wishes to license certain software from LICENSOR; and,
- C. LICENSEE and LICENSOR desire to enter into a business relationship under which LICENSEE may acquire, from time to time, professional services and licenses to Software (as defined below) as required by LICENSEE as set forth under this agreement.

NOW THEREFORE, in consideration of the premises and mutual covenants contained in this Agreement, the parties hereby agree as follows.

AGREEMENT

1. DEFINITIONS.

- 1.1 “Acceptance” shall have the meaning set forth in Section 8 below.
- 1.2 “Acceptance Testing Period” shall mean a period of thirty (30) days from the date of initiation of Production Use of the applicable Software during which LICENSEE shall verify that the Software substantially performs to the Documentation.
- 1.3 “Access Events” shall have the meaning set forth in Section 7 below.
- 1.4 “Agreement” shall mean this Master Software License and Professional Services Agreement.
- 1.5 “Authorized User(s)” shall mean the number of licenses for “Concurrent Full Access Users” that can login to the Software for which LICENSEE has paid license fees for as set forth in Appendix A. The Software supports the ability for LICENSEE to configure an unlimited number of user profiles, but the number of users that can login simultaneously to the Software will be limited by the number of licensed Concurrent Full Access Users. However, “Read-only” users shall be unlimited in number and access, and will not limit the access of licensed Concurrent Full Access Users.
- 1.6 “Confidential Information” shall have the meaning set forth in Section 11.1 below.
- 1.7 “Consideration” shall have the meaning set forth in Section 9 below.
- 1.8 “Designated Environment” shall mean the hardware, operating system and/or database where the Software shall be installed.
- 1.9 “Documentation” shall mean the Documentation for the Software as set forth in each applicable Software Appendix.

1.10 "Installation Process" shall mean LICENSOR's standard installation procedures which involve the Software delivery and installation steps.

1.11 "License" shall have the meaning set forth in Section 3 below.

1.12 "License Fee" shall mean the amount of the Software License paid for under the Payment Terms Section of Appendix A and/or each applicable Addendum to Appendix A.

1.13 "Limited Warranty" shall have the meaning set forth in Section 13.1 below.

1.14 "Maintenance and Support Services" shall have the meaning set forth in Section 9.1 below.

1.15 "Maintenance Release" shall mean patches, revisions and updates made available by LICENSOR to LICENSEE under the terms of the Maintenance and Support Agreement between the parties.

1.16 "Member" shall include entities who are direct members of CSAC EIA, and members of a JPA, if that JPA is a member of CSAC EIA.

1.17 "Payment Terms" shall have the meaning set forth in Section 9.2 below.

1.18 "Permitted Site(s)" shall mean the SIMS Cloud Hosting Environment provided by LICENSOR as set forth in Appendix C or suitably configured site provided by LICENSEE, or the designated LICENSEE facility(ies).

1.19 "Production Use" means the capability to use the system in a live environment (i.e. open new claims, make payments, set reserves, process transactions).

1.20 "Professional Services" shall mean any project management, business analysis, training, data conversion, development, or consulting services offered by LICENSOR to LICENSEE on the terms and conditions set forth in Appendix A.

1.21 "Remedies" shall have the meaning set forth in Section 13.5 below.

1.22 "Software" shall mean the software programs, in object code format, developed by LICENSOR as set forth in Appendix A, including any related Documentation and Maintenance Releases to such Software delivered by LICENSOR to LICENSEE, which can be downloaded from LICENSOR'S website at www.systemasoft.com.

1.23 "Source Code" shall have the meaning set forth in Section 6 below.

1.24 "Tax(es)" shall have the meaning set forth in Section 10 below.

1.25 "Term and Termination" shall have the meaning set forth in Section 16.1 below.

1.26 "TPA" means a third party administrator who has contracted directly with CSAC EIA to provide services.

2. MASTER AGREEMENT. This Agreement is a master agreement under which LICENSEE may order Software or Professional Services from LICENSOR now and in the future through use of Appendix A, which will act as a scope of work, listing the software modules being licensed and the Professional Services associated with implementing the software modules. The Software to be licensed by LICENSOR to LICENSEE and services provided under the terms of this Agreement shall be added to this Agreement from time to time. These changes will be made through attaching Addendum(s) to Appendix A. Each Addendum shall describe, at a minimum, the number of additional Authorized Users being licensed and/or the additional software modules being licensed including the License Fee, the Designated Environment, the Permitted Site(s), and any associated implementation

services fees including the hourly rates, maintenance support services fees, the license term, and payment terms. Upon mutual agreement of LICENSOR and LICENSEE, each Addendum will be executed by LICENSOR and LICENSEE and deemed incorporated by reference into and governed by this Agreement.

3. GRANT OF LICENSE. Subject to the terms and conditions of this Agreement as set forth in Appendix A, LICENSOR hereby grants to LICENSEE a non-exclusive, U.S.-only, non-transferable, royalty-free Perpetual License (the "License") (i) to use a copy of the applicable Software on the Designated Environment at the Permitted Site(s) (ii) to license the Authorized Users' for the applicable Software to use the applicable Software solely for LICENSEE's internal purposes; (iii) to use reporting outputs from the applicable Software, as such applicable Software is configured, to perform other internal LICENSEE services and to deliver such reporting outputs to LICENSEE's customers, agents, and business partners in the course of performing LICENSEE services; (iv) to use the Documentation solely in connection with the permitted use, operation and support of the applicable Software and (v) to make backup copies of the applicable Software for archival, backup, disaster and recovery purposes only.

3.1 Limitations. The parties agree that LICENSEE has licensed an initial number of Authorized Users as set forth on Appendix A. If LICENSEE desires to increase the number of Authorized Users of the Software set forth in Appendix A, LICENSEE agrees to contract with LICENSOR to upgrade the applicable Software capacity and increase the number of Authorized Users by creating an Addendum to Appendix A. LICENSEE shall not duplicate or reproduce copies of the Software, or any component thereof, except as expressly permitted herein. LICENSEE shall have no right to use the Documentation to manufacture any non-LICENSEE services, products or competing products using the Software and LICENSEE agrees not to reverse engineer the Software or any component thereof. LICENSEE shall have no right to distribute or disclose the Software, or any component thereof, to any third party, except to the extent that such third party needs access on a need to know basis, subject to obligations of confidentiality, to assist LICENSEE in the use, operation and support of the Software. LICENSEE shall not permit any employee, agent or third party to attempt to copy, use, analyze, reverse engineer, decompile, disassemble, translate, convert, or apply any procedure or process to the Software in order to ascertain, derive, and/or appropriate for any reason or purpose the source code, source listings, or component thereof, or any trade secret information or process contained in the Software.

3.2 Ownership of Data. Notwithstanding section 3.1 above, LICENSOR acknowledges that the data stored in the software, and in the LICENSEE'S SIMS Cloud Hosting environments, are the property of the LICENSEE. Said data may not be used without LICENSEE's express authority, and must be returned to LICENSEE at the termination of this AGREEMENT, in line with section 16.5 to follow. LICENSEE may request a copy of said data at any time, and LICENSOR shall provide within a reasonable time period.

4. PROFESSIONAL SERVICES. From time to time, LICENSEE may order development, training, consulting or other Software-related services from LICENSOR. In each case, LICENSOR shall perform such Professional Services pursuant to the terms of this Agreement and the applicable addendum to Appendix A. LICENSOR will own all right, title and interest in any software developed hereunder and such software will be deemed to be "Software" and governed by the terms applicable to "Software" hereunder. The developed software will be tested and accepted by LICENSEE in conjunction with the acceptance procedures described in Section 8 ("Acceptance").

5. INSTALLATION. In the event LICENSEE elects to host the "Software" at LICENSEE facility(ies), LICENSEE will install the applicable Software on the Designated Environment at the Permitted Site(s) in accordance with the Installation Process. In the event LICENSEE changes the Permitted Site(s), LICENSEE shall notify LICENSOR in writing of such change within ten (10) days of such change.

6. ESCROW ACCOUNT. Within sixty days (60) days following the delivery date for the Software, and in consideration of the payment by LICENSEE, LICENSOR agrees to enter into a standard source code escrow agreement with Iron Mountain ("Escrow Company") for the source code of the Software ("Source Code") together with sufficient documentation to make use thereof, or to have LICENSEE listed as a beneficiary to the escrow agreement that is already in place for the Software (the "Escrow Agreement"). With respect to any modification or update, LICENSOR shall add to the escrow account, in accordance with the Escrow Agreement, the Source Code for such modification or update. Nothing in this Agreement shall require LICENSOR to place into escrow third party materials. LICENSOR'S obligation to maintain the Escrow Agreement shall terminate upon the earlier of

mutual agreement by the parties or termination of this Agreement. LICENSEE shall be solely responsible for any and all fees and/or costs, including, but not limited to, beneficiary fees and escrow verification fees, charged by the Escrow Company under the Escrow Agreement from time to time as a result of (a) LICENSEE being listed as a beneficiary under the Escrow Agreement and/or (b) LICENSEE requesting verification of the deposit of the Source Code into escrow as may be provided for under the Escrow Agreement. To the extent LICENSOR pays such fees and/or costs on behalf of LICENSEE, LICENSEE shall reimburse LICENSOR within five (5) business days of receiving a written request for reimbursement detailing such fees and/or costs from LICENSOR. Verification of the Source Code may be requested by LICENSEE no more than one time during any calendar year and LICENSEE shall be solely responsible for any costs incurred therein.

To be listed as a beneficiary to the Escrow Agreement, Licensee shall execute and submit the Beneficiary Enrollment Form Appendix D, or the then current enrollment form to the Escrow Company. Fees on this form may change from time to time by Escrow Company

7. ACCESS EVENTS.

7.1 Access Events. Notwithstanding anything to the contrary in the Escrow Agreement, "Access Events" are events that give LICENSEE the right to access, reference, use, modify, and integrate the Source Code to accomplish LICENSEE business objectives. LICENSEE shall have the right to access the Source Code from Escrow and shall receive one copy of the most recent version of the Software to be used in accordance with the license granted herein upon occurrence of one or more Access Events, which shall be: (a) the corporate insolvency, or (b) the filing of bankruptcy by LICENSOR or the appointment of a receiver or trustee for all or any part of the property and assets of LICENSOR, or (c) Licensor discontinues offering the software product. Procedure to request the release of the Source Code shall be governed by the Escrow Agreement. In the event of any conflict between the provisions of the Agreement and the Escrow Agreement, the provisions of this Agreement shall prevail.

7.2 Limitations. In the event that the Software is released under this Section 7 LICENSEE shall:

7.2.1 use the Software only for LICENSEE's business purposes;

7.2.2 not use the Software for any other purpose other than as set forth in this Agreement or for maintenance of the Software nor disclose it to any person save such of its employees or contractors who need to know the same in order to understand, maintain and correct the Software. In that event LICENSEE shall ensure that its employees and contractors are bound by the same confidentiality obligations as are contained in this Agreement;

7.2.3 hold all media containing the Software in a safe and secure environment when not in use;
and

7.2.4 forthwith destroy the same should LICENSEE cease to be entitled to use the Software.

8. ACCEPTANCE. Upon initiation of Production Use, LICENSEE will conduct Acceptance Testing under the guidance of LICENSOR and the parties will determine whether the Software performs substantially in conformance with the applicable Documentation. LICENSEE may reject a Software program only if such Software program does not substantially conform to the Documentation. LICENSEE's rejection must be in writing, must describe the non-conformity in detail, and must be provided to LICENSOR within the Acceptance Testing Period. LICENSOR will have a reasonable and mutually agreed upon period of time in which to correct or provide a workaround for any such non-conformity. Upon delivery of corrected software the Acceptance procedure will be repeated. LICENSEE may reject corrected Software and terminate this Agreement. Upon termination LICENSOR will refund any prepaid License Fees as set forth in Appendix A. All other fees paid and/or earned shall be retained and/or paid to LICENSOR respectively. LICENSEE will be deemed to have accepted the Software after the expiration of the Acceptance Testing Period, unless LICENSOR has received written notice of rejection within the Acceptance Testing Period.

9. CONSIDERATION. In consideration of LICENSOR's license of the Software, LICENSEE agrees to pay LICENSOR as is described in this Section 9 ("Consideration").

9.1 Pricing. The pricing for the applicable Software License and the associated Professional Services will be set forth in Appendix A. The pricing for maintenance and support services for the applicable Software will be set forth in Appendix A (“Maintenance and Support Services”). Initial pricing for Maintenance and Support Services is provided in Appendix A.

9.2 Payment. The payment terms for License Fees, Professional Services fees, and Maintenance and Support Service Fees shall be as set forth in Appendix A (“Payment Terms”). All such fees shall be due and payable thirty (30) days after delivery of LICENSOR’s invoice to LICENSEE. LICENSOR reserves the right to assess a late charge at an annual rate not to exceed ten percent (10%), or the maximum amount permitted by law (whichever is less) on all applicable License Fees, Support Services Fees and Professional Services fees due under this Agreement which remain unpaid thirty (30) days after the due date.

10. TAXES. LICENSOR will actively cooperate with LICENSEE to reduce Tax obligations; however, all Taxes are the responsibility of LICENSEE. LICENSEE agrees to indemnify and hold LICENSOR harmless from any Taxes including, but not limited to, sales tax, customs and excise taxes, use tax, withholding, value-added or similar tax, and property taxes that may be assessed or levied by any jurisdiction arising out of the performance of this Agreement, but excluding any taxes based upon or determined by reference to LICENSOR’s income or level of business activity (“Taxes”). It is understood and agreed that the prices and estimates set forth in this Agreement do not include provision for Taxes.

11. CONFIDENTIALITY.

11.1 Description of Confidential Information. The term “Confidential Information” shall mean any information disclosed by one party to the other party pursuant to this Agreement which is in written, electronic, graphic, machine readable or other tangible form and is marked “Confidential,” “Proprietary” or in some other manner to indicate its confidential nature, or that by law, regulation, or contract either party is required or becomes required to treat as confidential. Additionally, Confidential Information shall mean (i) LICENSOR’s unique application of technology, and proprietary software programs; (ii) information concerning the business or financial affairs and methods of operation or proposed methods of operation of LICENSOR, its affiliates or any vendor of LICENSOR; (iii) internal controls and security procedures of LICENSOR; (iv) source code; and (v) the Documentation. Confidential Information may also include oral information disclosed by one party to the other pursuant to this Agreement, provided that such information is designated as confidential at the time of disclosure. In addition, all technical and confidential information exchanged prior to the Effective Date, including all materials, if any, disclosed under a Non-disclosure Agreement between the parties, shall be treated as “Confidential Information” and shall be subject to the terms of this Section 11 (“Confidentiality”) after the Effective Date.

11.2 Use of Confidential Information. Each party shall treat as confidential all Confidential Information of the other party, shall not use such Confidential Information except as expressly set forth herein or otherwise authorized in writing, shall implement reasonable procedures to prohibit the disclosure, unauthorized duplication, misuse or removal of the other party’s Confidential Information and shall not disclose such Confidential Information to any third party except as may be necessary and required in connection with the rights and obligations of such party under this Agreement, subject to imposition of written confidentiality obligations at least as protective as those set forth herein. Without limiting the foregoing, with respect to protection of the Confidential Information, each of the parties shall use at least the same procedures and degree of care which it uses to prevent the disclosure of its own confidential information of like importance, but in no event less than reasonable care. Each party shall ensure that its employees and independent contractors who will have access to the Confidential Information are aware of and will comply with the provisions of this Section 11.2 (“Use of Confidential Information”). Each party shall be responsible to the other party for the acts of its employees, subcontractors, and third party consultants in conjunction with the provisions set forth herein.

11.3 Exception. Notwithstanding the foregoing, the obligations of confidentiality described above will not apply with regard to any Confidential Information of the other which the receiving party can document: (i) was generally known and available in the public domain at the time it was disclosed or becomes generally known and available in the public domain through no fault of the receiver; (ii) was rightfully known to the recipient at the time of disclosure as shown by the files of the recipient in existence at the time of disclosure; (iii) is disclosed

with the prior written approval of the other party; (iv) was independently developed by the recipient without any use of the Confidential Information by employees or other agents of the recipient who have not been exposed to the Confidential Information provided that the recipient can demonstrate such independent development by documented evidence prepared contemporaneously with such independent development; (v) becomes known to the recipient from a source other than the discloser without breach of this Agreement by the recipient and otherwise not in violation of the discloser's rights; (vi) is disclosed pursuant to the order of any court of competent jurisdiction, or any order of any government agency, or as otherwise may be required by the laws of the State of California; provided, that the recipient shall, to the extent reasonably practical, provide prompt, advanced notice thereof to enable the discloser to seek a protective order or otherwise prevent such disclosure; or (vii) is disclosed by LICENSEE to a member of LICENSEE who is considering using the Software.

11.4 Terms of the Agreement. The parties agree that the terms and conditions of this Agreement and Appendices are confidential and that neither party shall disclose the contents of this Agreement or Appendices in whole or in part without the prior written consent of the other party unless disclosure is necessary to enforce the party's rights under this Agreement provided that any disclosure of the terms and conditions of this Agreement and Appendices by LICENSEE pursuant to a state or federal statutory request for information shall not be considered a breach by LICENSEE of this Section.

12. PROPRIETARY RIGHTS.

12.1 Proprietary Rights, Ownership and Title. LICENSEE and Authorized Users are licensed pursuant to Section 3 ("Grant of License") to use the Software; however, no ownership rights in the Software are transferred to LICENSEE or the Authorized Users. LICENSEE acknowledges and agrees that all right, title and interest in the Software, including any modifications, enhancements or derivative works created therefrom or thereto by any party and any copy thereof, without limitation, and all patent, copyright, trade secret, trademark and all other intellectual property rights embodied in the Software, shall be and remain in LICENSOR and/or its applicable suppliers. LICENSEE shall not at any time during or after expiration of or termination of this Agreement in any way challenge, question, or dispute the title and ownership by LICENSOR and/or its suppliers of any such intellectual property rights. LICENSEE shall not remove any trademark, copyright or other proprietary notices on or in any portion of any Software as delivered hereunder, and LICENSEE agrees to reproduce such notices on any copies of any such reproducible materials made by LICENSEE.

13. WARRANTIES AND SUPPORT.

13.1 Limited Warranty. LICENSOR warrants that the Software accepted by LICENSEE and operated within the capacity restrictions as provided for in the applicable Documentation as of the date of acceptance by LICENSEE under the terms of Section 8 ("Acceptance"), will substantially conform to the Documentation for a period of thirty (30) days from the date of acceptance by LICENSEE ("Limited Warranty"). This Limited Warranty only covers problems identified in a written notice delivered to LICENSOR during the warranty period set forth in this section. Following the limited warranty period, support for Software will be provided as per Appendix B Maintenance and Support Agreement.

13.2 Remedies. LICENSEE agrees to notify LICENSOR in writing of any material non-conformity of the Software with the warranty described in Section 13 ("Warranties and Support"), and to provide LICENSOR with (a) LICENSEE's estimation of the severity of such non-conformity and (b) such printouts, typescripts, documentation and other details of such non-conformity as LICENSOR shall reasonably request. LICENSOR's sole obligation, and the Company's sole and exclusive remedy under the warranty granted by LICENSOR in Section 13.1 ("Limited Warranty") or for any implied warranties, if any, is for LICENSOR to use reasonable commercial measures consistent with the applicable provisions in the Appendices B & C to remedy or provide a work-around for such non-conformities which causes the Software not to perform as described in Section 13 ("Warranties and Support"), taking into account the severity of the non-conformity in accordance with the terms of the then-current Maintenance and Support Agreement. In the event that LICENSOR demonstrates that the cause of the non-conformity is external to the Software, LICENSEE shall reimburse LICENSOR for the LICENSOR support services at LICENSOR's then-current rates for such services.

13.3 Warranty of Title. LICENSOR warrants that it is the exclusive owner or licensor of all right, title and interest in the proprietary rights applicable to the Software.

13.4 Service Warranty. LICENSOR warrants that LICENSOR's services will be of a professional quality conforming to generally accepted industry standards and practices.

13.5 Exceptions. LICENSOR's Limited Warranty shall not extend to problems affecting the Software that result from: (i) third party software; (ii) electrical work or problems external to the Software; (iii) any alterations of the Software other than those performed or authorized in writing by LICENSOR under this Agreement; (iv) accident, negligence, or misuse of the Software; (v) operation outside of the Documentation.

13.6 Limitations. Except as otherwise specifically provided by this Agreement, LICENSOR's sole liability under the warranty in this Section 13, shall be limited to the remedies described in Section 13.2 ("Remedies") regardless of whether liability is based on contract or other theory.

13.7 Disclaimer. LICENSOR DOES NOT WARRANT THAT THE SOFTWARE (EXCLUDING THIRD PARTY SOFTWARE INCORPORATED THEREIN) WILL MEET ALL OF LICENSEE'S REQUIREMENTS OR THAT THE USE OF THE SOFTWARE OR SERVICES WILL BE UNINTERRUPTED OR ARE ERROR OR BUG FREE. LICENSEE ACKNOWLEDGES THAT NEITHER LICENSOR NOR ITS THIRD PARTY PROVIDERS CONTROL THE TRANSFER OF DATA OVER COMMUNICATIONS FACILITIES, INCLUDING THE INTERNET, AND THAT THE PERMITTED SITE MAY BE SUBJECT TO LIMITATIONS, DELAYS, AND OTHER PROBLEMS INHERENT IN THE USE OF SUCH COMMUNICATION FACILITIES. LICENSOR IS NOT RESPONSIBLE FOR ANY DELAYS, DELIVERY FAILURES, OR OTHER DAMAGE RESULTING FROM SUCH PROBLEMS.

13.8 Support. LICENSOR will provide support services for Software as described in Appendix B ("Maintenance and Support Agreement") and for the applicable Support Services Fees as set forth on the applicable Software Appendix.

14. INDEMNIFICATION.

14.1 By LICENSOR. LICENSOR agrees, at LICENSOR's own expense as applicable, to indemnify, defend and hold LICENSEE harmless, or at LICENSOR's option to settle, any claim, demand, cause of action, debt, or liability, including reasonable attorneys' fees, arising from any claim that the Software infringes any United States copyright, patent, trademark, trade name, trade secret, propriety or any other intellectual property right of any nature whatsoever of any third party, provided that LICENSEE provides LICENSOR with: (i) prompt written notice of such claim as it comes to LICENSEE's attention; (ii) control over the defense and settlement of such claim; and (iii) proper and full information and assistance to settle and/or defend any such claim. LICENSEE shall, at its option, have the right, but not the obligation, to fully participate in such defense at its own expense. If, within a reasonable time after notice of a claim and request for defense, LICENSOR fails or refuses to provide for such defense, LICENSEE shall have the right, but not the obligation, to undertake its own defense, and to conclusively compromise or settle the claim or other matter, and may thereafter exercise its right to recover all costs, including payment of the claim and defense costs and legal fees, from LICENSOR. If LICENSOR assumes the defense, it shall not thereafter be liable to the LICENSEE for any costs of litigation including, but not limited to, court costs and attorney fees, incurred subsequent to such decision to assume the defense of any such action.

If an injunction is entered, or LICENSOR believes in its sole discretion an injunction is likely to be entered, prohibiting LICENSEE from exercising its right to use the Software as granted hereunder, LICENSOR may, at its sole option and expense: (i) procure for LICENSEE the right to use the Software as provided herein; (ii) replace the Software or a portion thereof with other non-infringing functionally equivalent products; or (iii) modify the Software so that it is non-infringing. If such settlement or such modification is not reasonably practical in the sole opinion of LICENSOR after giving due consideration to all factors, including financial expense, and in the alternative, LICENSEE, in LICENSEE's sole discretion, is not willing to bear the financial expense directly, LICENSOR may cancel this Agreement and the licenses granted hereunder upon fifteen (15) days' written notice to LICENSEE. In such case, LICENSOR shall refund to LICENSEE the License Fees for the applicable month in which such

termination occurs. Also upon such cancellation, LICENSEE's data, documents, and attachments will be delivered to LICENSEE by LICENSOR. The data shall be provided in a SQL Server database backup format and the documents and attachments will be provided in their native format (i.e. pdf, jpg, etc.)

14.2 Exceptions. Notwithstanding the provisions of this Section 14 ("Indemnification"), LICENSOR assumes no liability for infringement claims arising from: (i) combination of the Software with other products not originally embodied in the Software as delivered by LICENSOR if such infringement would have been avoided by not combining with such products; and (ii) any modifications to the Software (unless such modifications were made by LICENSOR) to the extent the infringement is caused by such modifications. LICENSOR's indemnification obligation under this Section 14 ("Indemnification") will be further limited to the extent to which a court of final jurisdiction finds that the Software contributed to the infringement.

14.3 Limitation. The foregoing provisions of this Section 14 ("Indemnification") state the entire liability and obligations of LICENSOR and the sole and exclusive remedy of LICENSEE, with respect to any actual or alleged infringement of any intellectual property rights by the Software.

14.4 LIMITATION OF LIABILITY. WITH THE EXCEPTION OF A BREACH OF A DUTY OF CONFIDENTIALITY, IN NO EVENT SHALL LICENSOR OR LICENSEE BE LIABLE FOR LOST PROFITS, COST OF PROCUREMENT OF GOODS AND SERVICES, OR FOR ANY SPECIAL, RELIANCE, CONSEQUENTIAL, INDIRECT, OR INCIDENTAL DAMAGES, HOWEVER CAUSED, ON ANY THEORY OF LIABILITY AND WHETHER OR NOT LICENSOR OR LICENSEE HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, ARISING UNDER ANY CAUSE OF ACTION AND IN ANY WAY OUT OF THIS AGREEMENT OR THE SOFTWARE PROVIDED PURSUANT TO THIS AGREEMENT. THE PROVISIONS OF THIS SECTION SHALL APPLY NOTWITHSTANDING THE FAILURE OF ANY LIMITED REMEDIES HEREUNDER. IN NO EVENT SHALL THE TOTAL LIABILITY OF EITHER PARTY TO THE OTHER OR ANY THIRD PARTY EXCEED THE LICENSE FEE(S) FOR THE SOFTWARE PAID BY LICENSEE.

14.5 Insurance.

14.5.1 Without in any way limiting LICENSOR's liability pursuant to Section 14 ("Indemnification"), LICENSOR must maintain in force, during the full term of the Agreement, insurance in the following amounts and coverages:

14.5.1.1 Workers' Compensation, in statutory amounts, with Employers' Liability limits not less than \$1,000,000 each accident; and

14.5.1.2 Commercial General Liability Insurance with limits not less than \$1,000,000 each occurrence Combined Single Limit for Bodily Injury and Property Damage, including Contractual Liability, Personal Injury, Products and Completed Operations; and

14.5.1.3 Commercial Automobile Liability Insurance with limits not less than \$1,000,000 each occurrence Combined Single Limit for Bodily Injury and Property Damage for Non-Owned and Hired auto coverage, as applicable.

14.5.1.4 Programmers' and Systems Errors and Omissions Insurance with limits not less than \$1,000,000 per occurrence.

14.5.2 Commercial General Liability policy must provide the following:

14.5.2.1 Name as Additional Insured LICENSEE, its Officers, Agents, and Employees. As to instances for EIA Members or PWC TPAs, that Member or TPA will also be named as an additional insured.

14.5.2.2 That such policy is primary insurance to any other insurance available to the Additional Insureds, with respect to any claims arising out of this Agreement, and that insurance applies separately to each insured against whom claim is made or suit is brought.

15. NON-SOLICITATION. To the extent permitted by the laws of the State of California, during the term of this Agreement and for a period of twelve (12) months thereafter, LICENSEE agrees not to (i) hire anyone who is employed by LICENSOR or was employed by LICENSOR at any time during the preceding twelve (12) months and who LICENSEE had contact with in connection with this Agreement or (ii) solicit or cause others to solicit any employee to terminate their employment with LICENSOR.

16. TERM AND TERMINATION.

16.1 Term. The term of this Agreement shall continue in full force and effect until the expiration of the later of the last Appendix A or any of its addendums or as terminated under this Section 16 (“Term and Termination”).

16.2 Termination by Either Party for Material Breach. Either party may terminate this Agreement, Appendix A or any of its Addendums upon written notice if the other party materially breaches this Agreement and fails to cure such breach within thirty (30) days following receipt of the written notice specifying the breach in detail, or within a mutually agreeable time frame agreed to in writing.

16.3 RESERVED.

16.4 Early Termination of a Perpetual License by LICENSEE. In the event LICENSEE terminates this Agreement, other than for LICENSOR’S breach and the termination provision in paragraph 8 of the Agreement, this Early Termination provision shall apply. LICENSEE may terminate this Agreement for convenience upon ninety (90) days written notice to LICENSOR. LICENSEE shall therefore pay the entire license fee (with the exception of fees for custom development/interfaces) and any undisputed amounts due LICENSOR for any Professional Services rendered by LICENSOR to LICENSEE under Appendix A and any associated addendums as applicable, as of the effective date of such termination.

16.5 Effect of Termination and Return of Property. Upon termination of this Agreement or a Software Appendix, the license granted in Section 3 (“Grant of License”) shall be deemed canceled and LICENSEE shall discontinue all use of the applicable Software and either return same to LICENSOR or, with LICENSOR’S consent, destroy same and provide LICENSOR with appropriate certification thereof. Also upon termination, LICENSEE’S data, documents, and attachments will be delivered to LICENSEE by LICENSOR. The data shall be provided in a SQL Server database backup format at no cost, or any format requested at a reasonable time and expense rate, and the documents and attachments will be provided in their native format (i.e. pdf, jpg, etc.) Additionally, LICENSOR will provide any services requested by LICENSEE to facilitate the data transfer to the new software provider, at a reasonable time and expense rate.

16.6 Survival. The provisions of Section 9.2 (“Payment”), Sections 11 (“Confidentiality”), 12 (“Proprietary Rights”), 13.7 (“Disclaimer”), 14 (“Indemnification”), 14.4 (“Limitation of Liability”), 15 (“Non-Solicitation”), 16 (“Term and Termination”), and 18 (“General”) shall survive any termination or expiration of this Agreement.

17. MARKETING

17.1 LICENSEE agrees to allow LICENSOR to prepare and distribute a press release within 60 days of the effective date of the Agreement announcing the commitment LICENSEE has made to licensed software. Prior to any press release, LICENSEE will have the opportunity to review in good faith the release for accuracy and clarity. All content in the release and the timing of the release will be jointly agreed upon. LICENSEE agrees to provide LICENSOR with at least a one mutually agreeable customer quote as to why Licensee chose the Software. Said quote may be used outside of the original press release in LICENSOR’S marketing material without requiring consent for up to one year. Additional use of the quote beyond the one year timeframe will be

negotiated in good faith by LICENSEE and LICENSOR. In such cases LICENSOR will be required to notify LICENSEE prior to usage.

17.2 LICENSEE agrees to allow LICENSOR to use their logo on LICENSOR's website, and LICENSOR to make all press releases, customer stories quotes, etc. available on LICENSOR's website only if LICENSEE'S logo is provided to LICENSOR by LICENSEE. Likewise LICENSOR agrees to provide a logo file to LICENSEE.

18. GENERAL.

18.1 Severability. If any term or provision of this Agreement should be declared invalid by a court of competent jurisdiction, (i) the remaining terms and provisions of this Agreement shall be unimpaired and (ii) the invalid term or provision shall be replaced by such valid term or provision as comes closest to the intention underlying the invalid term or provision.

18.2 Notice. Unless otherwise agreed to by the parties, all notices required under this Agreement shall be deemed effective when received and made in writing by either (i) registered mail, (ii) certified mail, return receipt requested, (iii) overnight mail or (iv) e-mail (confirmed as received) as follows:

For LICENSEE:

CSAC Excess Insurance Authority
75 Iron Point Circle, Suite 200
Folsom, CA 95630
Attention: Laura Turlington
Chief Information Officer
E-mail: lturlington@csac-eia.org

For LICENSOR:

Systema Software LLC
60 E Sir Francis Drake Blvd, Suite 209,
Larkspur, CA 94939
Attention: Mr. Jose Tribuzio
President & CEO
E-mail: jose.tribuzio@systemasoft.com

18.3 Assignment. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns provided, however, neither party shall assign this Agreement or any other duty, obligation, interest or right hereunder without the prior written consent of the other party, except in the case of a merger, acquisition or, in the case of LICENSOR only, a sale of the relevant assets of LICENSOR. Each party is required to provide the other prior written notice of any merger, acquisition, or in the case of LICENSOR only, sale of the relevant assets of LICENSOR.

18.4 Force Majeure. Neither party shall be liable to the other for any failure to comply with the terms of the Agreement or for any delay in the performance hereof or for failure to perform under the terms and provisions of this Agreement where such failure or delay results from any cause beyond the control of such party.

18.5 No Waiver. No amendment, modification, termination or waiver of any provision of this Agreement, nor consent to any departure by either party therefrom, shall in any event be effective unless the same shall be in writing and signed by the other party, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

18.6 Independent Contractor Status. This Agreement shall not be construed as creating an employee/employer, agency, partnership, or joint venture relationship between LICENSOR (or any of its agents or employees) and LICENSEE. Each party shall have the obligation to supervise, manage, contract, direct, procure, perform or cause to be performed, all work to be performed under this Agreement and shall be liable for the acts or omissions of their employees and agents in performing their respective obligations hereunder.

18.7 Headings. The headings and captions of this Agreement are included merely for convenience of reference. They are not to be considered part of, or to be used in interpreting this Agreement and in no way limit or affect any of the contents of this Agreement or its provisions.

18.8 Governing Law. The formation, interpretation and performance of this Agreement shall be governed by the laws of the State of California. Venue for all litigation relative to the formation, interpretation and performance of this Agreement shall be in California. The U.N. Convention on Contracts for the International Sale of Goods does not apply.

18.9 Attorneys' Fees. The prevailing party in any action taken to enforce the terms or conditions of this Agreement will be entitled to recover its reasonable attorneys' fees and costs, including expert witness fees, incurred therein.

18.10 Pool Service Provider's Bill of Rights. LICENSOR, its employees and vendors agree to conduct themselves in accordance with LICENSEE's Pool Service Provider's Bill of Rights, which is attached hereto and incorporated herein as Appendix F.

Remainder of Page Blank

18.11 Entire Agreement. This Agreement, together with the appendices hereto, constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes in all respects all prior proposals, negotiations, conversations, discussions and agreements between the parties concerning the subject matter hereof, and no subsequent alterations, amendments, changes or additions hereto shall be binding and valid unless reduced to writing and signed by each party.

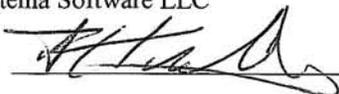
IN WITNESS WHEREOF, the parties hereto, through their duly authorized officers, have executed this Agreement.

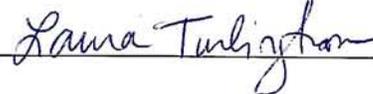
LICENSOR:

LICENSEE:

Systema Software LLC

CSAC Excess Insurance Authority

By:  _____

By:  _____

Print Name: Jose Tribuzio

Print Name: Laura Turlington

Title: President & CEO

Title: Chief Information Officer

Date: 4/5/13

Date: April 4, 2013

Appendix A
Scope of Work and Pricing Detail

This Appendix describes the Software to be licensed and Professional Services provided by Systema Software LLC, and is governed by, upon execution by the parties, the Master Software License and Professional Services Agreement (the "Agreement") by and between Systema Software LLC ("LICENSOR"), with a place of business at 60 E. Sir Francis Drake Blvd, Suite 209, Larkspur, CA, 94939 and between CSAC Excess Insurance Authority ("LICENSEE" or "CSAC EIA"), with its place of business located at 75 Iron Point Circle, Suite 200, Folsom, CA 95630. All the terms used in this Appendix shall retain the same meaning as defined in the Agreement and such definitions are incorporated herein by reference. In the event of any conflict between the provisions of the Agreement and of this Appendix, the provisions of this Appendix shall prevail. The terms and conditions of this Appendix are applicable solely to the Software described herein and in no way affect or alter the terms of any other Appendix incorporated into the Agreement prior to or after the effective date of this Appendix. Until this Appendix is signed by the parties, the prices on this Appendix are considered to be a quotation which may be revised at any time and which will expire, unless otherwise noted on this Appendix, thirty (30) days after such prices are provided to LICENSEE. The effective date of this Appendix shall be the date last signed below.

Pricing for CSAC EIA and TPAs

Software License Fees	Total: \$103,000
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SIMS Claims Base Software Component License	\$47,000
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The SIMS Claims Base Software Component License is a one-time license fee that will provide a SIMS Claims license for CSAC EIA.

The CSAC EIA license includes the following Line of Business Modules:

- Workers' Compensation
- General Liability
- Medical Malpractice
- SIMS Mobile (included at no additional charge)

The SIMS Claims Base Software Component License will be provided to each TPA at a 50% discount according to the following table.

Description	License Fee	Discounted License Fee
SIMS Claims Site License	\$20,000	\$10,000
Workers' Compensation Line of Business	\$9,000	\$4,500
Auto Line of Business	\$9,000	\$4,500
Liability Line of Business	\$9,000	\$4,500
Property Line of Business	\$9,000	\$4,500
Med Mal Line of Business	\$9,000	\$4,500
SIMS Mobile	No Additional Charge	No Additional Charge

Once licenses are purchased they may be reassigned as necessary, provided they do not exceed the total number of licenses purchased. (e.g. TPA 1 leaves the program and is replaced by TPA 2. The licenses for TPA 1 can be transferred to TPA 2.)

User Licenses	\$51,000
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- 17 Concurrent Full Access Users
- Includes Unlimited Read/View Only Users
- Includes Unlimited Number of Report Users
- Additional users for CSAC EIA and/or for TPA users can be purchased at a rate of \$3,000/concurrent user. Additional licensed users will be included in subsequent addendum(s).

CSAC EIA Selected Add-On Modules and Connectors	\$5,000
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Modules	Perpetual (One Time)
Document Image Management Module	\$5,000

Add-On Modules and Connectors

The Add-On Modules and Connectors listed below to be added upon LICENSEE's request. Once a module or connector is purchased by the LICENSEE, it is deemed owned by the LICENSEE and may be provided to other TPA instances covered by this Agreement at no additional license fee. Additional charges for annual maintenance and implementation will apply.

Modules	Perpetual (One Time)
Check Issuance Module	\$5,000
SIMS Portal Module	\$20,000
SIMS CMS Direct Module	\$15,000

Connectors	Perpetual (One Time)
Accounts Payable Connector	\$10,000
Policy Connector to CHSI	\$10,000
CMS Connector to Gould and Lamb (or Mitchell, ISO or other vendor)	\$5,000
Claim Import Connector to Company Nurse (or other vendor)	\$5,000
ISO Claim Search Connector	\$5,000
Positive Pay Bank Connector (including bank reconciliation)	\$5,000
Medical Bill Review Connector	\$10,000
Pharmacy Connector (Express Scripts or PMSI or other vendor)	\$5,000
E-Billing Connector (Jopari or WorkCompEDI or other vendor)	\$10,000
Employee Connector	\$5,000
Managed Care/Medical Treatment Connector – WorkCare (or other vendor)	\$5,000

Modifications to Add-On Modules/Connectors to meet EIA's specific business requirements, if required, will be billed on a time and expense basis. Project Management/Business Analysis (IM/BA) and Annual Maintenance Fees are associated with the implementation of each of these items and will increase/decrease if any of these modules are selected/deselected. Pricing does not include fees from third party vendors.

RFP and Requirements Analysis**Included**

The RFP issued by CSAC EIA on July 12, 2012 and LICENSOR's response on August 10, 2012 is incorporated by reference as Appendix E as if fully set forth herein.

Business Rules**Included**

The Business Rules used by CSAC EIA, Members, and TPAs are listed in the RFP. LICENSOR has included 30 hours of Implementation Services to address a selection of these business rules.

Web-Service Integration**Included**

Using Web Services, CSAC EIA's instance of SIMS will receive updates from all of the TPAs and CSAC EIA's data set will be a comprehensive aggregation of all claims. This will allow each TPA to report on just their claims while CSAC EIA will be able to run reports on all claims or at any lower level. CSAC EIA will also be able to create workflows that send information back to the TPAs, allowing bi-directional communication. It is understood that the TPAs will use the same reference table values for the transmitted data as CSAC EIA's instance of SIMS.

Custom Development**Total: \$TBD**

The initial phase of the implementation will consist of a detailed Requirements Analysis that will review and document CSAC EIA's business requirements for Excess Tracking and Reporting. At the completion of the Requirements Analysis, Licensor will provide a Custom Development Estimate for enhancements needed to meet Excess Tracking and Reporting needs. Upon delivery of this Custom Development Estimate, Licensee will give approval to proceed with the project or elect to terminate this Agreement. Upon termination, LICENSOR will refund any prepaid License Fees as set forth in this Appendix A. All other fees paid and/or earned shall be retained and/or paid to LICENSOR respectively.

Implementation Services**\$120,190**

Implementation Service fees outlined below pertain to the CSAC EIA instance of SIMS Claims only. Implementation Service fees for TPAs will be included in subsequent addendum(s) based on that scope of work. Implementation Services Fees are calculated by adding the costs of Project Management, Training, and Data Conversion Services. Pricing provided in this section are estimates only. Pricing for all Services work including Project Management, Business Analysis, Training, Data Conversion, etc. is performed on a time and expense basis at a blended rate of \$165/hour and is billed monthly as incurred.

Project Management/Business Analyst Services**\$64,350**

- Number of PM/BA hours is estimated at 390 hours

The PM/BA estimate is based on implementing the known scope of work, including configuration services for the licensed software modules and the project management/business analysis time that may be required. This estimate may change after performing a more detailed analysis concerning the whole scope of work.

Data Conversion**\$33,400**

The data conversion estimate is based on the following assumptions:

- Conversion of 1 consolidated Database from iVOS
- CSAC EIA will provide the claims data from iVOS in an Oracle database backup format
- Total of all claims that will be converted does not exceed 50,000 Claims
- Includes 1 Trial Data Conversion and 1 Final Data Conversion. Additional trials may be requested by LICENSEE for \$8,350/trial.
- Systema will not be required to provide any significant data clean up
- The method in which CSAC EIA extracts their data must be repeatable so there is consistency in the deliverables of the Trial and Final Conversions
- All files and tables from old system(s) are provided that store claim, financial, diary/notepad, email (only if in the database), letters/forms, electronic attachments, Images, vendors, org structure, etc.
- Data is provided as a database backup on CD or DVD, hard drive, or can be downloaded from a secure FTP server
- CSAC EIA has staff available that understands their old system data layouts
- Financial balancing information is provided by CSAC EIA. Reports should include: claim counts, claim level detail, monthly and yearly financial reports, total incurreds, outstanding reserves, recovery amounts, etc.
- CSAC EIA validates trial data and final data in a timely fashion
- Converting Documents (letters/forms, electronic attachments, Images):
 - To convert Documents, CSAC EIA will send a record for each document in the data being sent for conversion
 - Each record must include a unique document name
 - Supported formats for documents are .doc, .rtf, and .pdf. Most standard formats are support for attachments, including: .doc, .txt, .xls, .pdf, .tif, .tiff, .rtf, .jpg, .jpeg, .wmv, .wma
- Estimate excludes conversion of log files, auto payments, and FROI/SROI history

Data conversion estimates for TPAs will be provided upon request.

SIMS Training**\$22,440**

Training has been calculated based on the assumption that CSAC EIA will want Direct User Training to be provided by LICENSOR, as well as "Train the Trainer" for LICENSEE's selected staff. Training will be performed on-site at CSAC EIA, using CSAC EIA's computer training facilities unless arranged otherwise.

- General User Training (3) 2-day classes
- System Administrator (2) 2-day classes
- SQL Reports (2) 1-day classes
- Lesson Preparation (1) 2-day class
- Training Observation (1) 3-day class

Post-Production Services**\$56,300****Annual Maintenance Fee****\$20,600**

Annual Maintenance Fee is based on 20% of Software License Fees + Module and Connector fees. The Annual Maintenance Fee(s) for TPA instances will be included in subsequent addendum(s) based on the scope of work outlined in the addendum(s). The maintenance fee listed here provides maintenance service for CSAC EIA only.

Includes:

- Contacts to our support center during regular business hours
- Product updates
- Services included to implement product updates

Annual Fee for SIMS Cloud Hosting Services**\$35,700**

The Annual SIMS Cloud Hosting Services fee is calculated at 17 users at \$175 per user per month. Additional users for SIMS Cloud Hosting Services can be added for \$150 per user per month.

All pricing is exclusive of travel expenses.

CSAC EIA Members

CSAC EIA Qualified Small Members

LICENSOR will allow CSAC EIA to bring over any/all existing Qualified Small Members and add new Qualified Small Members according to the licensing terms outlined below. CSAC EIA shall have the right to sublicense SIMS Claims via an addendum to this contract to Qualified Small Members defined as entities meeting the following criteria:

- The member must have 5 concurrent licenses or less
- The data conversion must be from a single source

The parameters of the contract addendum would specify the following:

- Members would receive their own instance of SIMS in the SIMS Cloud Hosting Environment as it was configured for CSAC EIA or any other pre-existing Qualified Small Member. There would be no requirements review or coding changes provided.
- The EIA is expected to do all table mapping and to provide the front line of support to all members.
- There will be one trial and one final conversion.
- The members and the EIA must provide timely feedback to all questions.

For members that meet the criteria above, the following pricing incentives would apply (as specified in Table 1 below):

- SIMS Site License and Line(s) of Business License Fees are waived
- Optional Module Fees receive a 50% discount
- Systema will provide flat rate pricing on Professional Services

Table 1		
Description	License Fee	Discounted License Fee
SIMS Claims Site License	\$20,000	No Charge
Lines of Business Licenses	\$9,000	No Charge
Concurrent User Licenses	\$3,000 per user	\$3,000 per user
OPTIONAL MODULES AND CONNECTORS		
Check Issuance Module	\$5,000	\$2,500
Document Image Management Module	\$5,000	\$2,500
SIMS CMS Direct Module	\$15,000	\$7,500
CMS Connector (Gould and Lamb, Mitchell, ISO, or other vendor)	\$5,000	\$2,500
Claim Import Connector - Company Nurse (or other vendor)	\$5,000	\$2,500
ISO Claim Search Connector	\$5,000	\$2,500
Positive Pay Bank Connector	\$5,000	\$2,500
Medical Bill Review Connector	\$10,000	\$5,000
Accounts Payable Connector	\$10,000	\$5,000
Policy Connector to CHSI	\$10,000	\$5,000
Pharmacy Connector (Express Scripts or PMSI or other vendor)	\$5,000	\$2,500
E-Billing Connector (Jopari or WorkCompEDI)	\$10,000	\$5,000

or other vendor)		
Employee (HR) Connector	\$10,000	\$5,000
Managed Care/Medical Treatment Interface WorkCare (or other vendor)	\$10,000	\$5,000

Professional Service Fees

5 days of Implementation Services	\$6,600
3 days of Training	\$3,960
Data conversion *	
10,000 claims or less	\$15,000
100,000 claims or less	\$20,000

Data conversion pricing above includes one line of insurance. Converting additional lines of insurance would cost \$7,500 for each additional line of insurance.

* Rate valid for five years from contract execution

Other Fees

Annual Maintenance	20% of concurrent license fees per year
Other annual charge	20% of purchased modules
SIMS Cloud Hosting (\$750 flat rate / month)	\$9,000

Large Members

CSAC EIA shall further have the right to sublicense SIMS Claims via an addendum to this contract to Large Members that exceed the thresholds of 5 concurrent licenses. The parameters of the contract addendum would specify the following:

- Large Members would receive their own instance of SIMS in the SIMS Cloud Hosting Environment. This instance of SIMS will be configured to meet the Large Member’s requirements.
- Systema will provide maintenance support directly to Large Members.

CSAC EIA will be able to offer the following pricing incentives to Large Members:

- 50% discount on SIMS Site License, Line(s) of Business License(s), and Optional Modules and Connectors (as specified in Table 2 below). Implementation Service fees including Project Management, Data Conversion, and Training are provided on a time and expense basis.

Table 2		
Description	License Fee	Discounted License Fee
SIMS Claims Site License	\$20,000	\$10,000
Lines of Business Licenses	\$9,000	\$4,500 per lob
Concurrent User Licenses	\$3,000 per user	\$3,000 per user
OPTIONAL MODULES AND CONNECTORS		
Check Issuance Module	\$5,000	\$2,500
Document Image Management Module	\$5,000	\$2,500
SIMS CMS Direct Module	\$15,000	\$7,500
CMS Connector (Gould and Lamb, Mitchell, ISO, or other vendor)	\$5,000	\$2,500
Claim Import Connector - Company Nurse (or other vendor)	\$5,000	\$2,500
ISO Claim Search Connector	\$5,000	\$2,500
Positive Pay Bank Connector	\$5,000	\$2,500
Medical Bill Review Connector	\$10,000	\$5,000
Accounts Payable Connector	\$10,000	\$5,000
Policy Connector to CHSI	\$10,000	\$5,000
Pharmacy Connector (Express Scripts or PMSI or other vendor)	\$5,000	\$2,500
E-Billing Connector (Jopari or WorkCompEDI or other vendor)	\$10,000	\$5,000
Employee (HR) Connector	\$10,000	\$5,000
Managed Care/Medical Treatment Interface WorkCare (or other vendor)	\$10,000	\$5,000

Professional Service Fees

Professional Service Fees including Project Management, Data Conversion, and Training are provided on a time and expense basis at a blended rate of \$165/hour. Estimates will vary based on the customer requirements.

Other Fees

Annual Maintenance	40% of discounted license fees per year
SIMS Cloud Hosting Services	\$150/user/month

Payment Terms

Payment Schedule for Professional Services

LICENSEE agrees to pay LICENSOR all Professional Service Fees monthly as incurred on a time and expenses basis. These services include (but are not limited to): Project Management, Business Analysis, Training, and Data Conversion Services.

Change Control: Both parties recognize that the scope of Services may change during the requirements analysis or during implementation. If LICENSEE requests Services which are material changes in scope of Services to those set forth in this Appendix A, then both parties shall mutually amend the Scope of Work by executing a change order form to describe the change in Services and fees, if any.

Payment Schedule for Perpetual Software License Fees

LICENSEE agrees to pay LICENSOR the Software License Fees according to the following schedule:

When Due	%
Due Upon Contract Signing	30%
Due Upon Delivery of Trial Conversion	30%
Due Upon Initial Production Use	30%
Due Upon LICENSEE Acceptance	10%

Payment Schedule for Custom Development

Payment schedule will be agreed upon in the Custom Development Estimate document.

Payment Schedule for 1st Year Annual Maintenance Fees

1st Year Annual Maintenance will be invoiced upon production use of the Software and is due in full.

Payment Schedule for Cloud Hosting Services

LICENSEE agrees to pay LICENSOR the Monthly Cloud Hosting Service Fees beginning upon delivery of Trial Conversion.

Adjustment for Active/Inactive Licenses

Each year at the time of Annual Maintenance renewal, LICENSEE shall have the right to deactivate a selection of purchased User Licenses. Upon written notice of User License deactivation, LICENSOR shall suspend billing for Annual Maintenance and Cloud Hosting Services for the deactivated User Licenses. At any time thereafter, LICENSEE may request to have inactive User Licenses reactivated upon written request by paying the prorated (from the date of re-activation to the next Annual Maintenance renewal) Annual Maintenance Fees and Monthly Cloud Hosting Service fees for the reactivated licenses.

IN WITNESS WHEREOF, the parties hereto, through their duly authorized officers, have executed this Appendix A.

LICENSOR:

Systema Software LLC

By: 

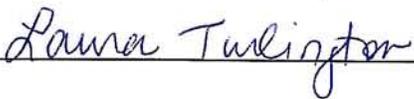
Print Name: Jose Tribuzio

Title: President & CEO

Date: 4/5/13

LICENSEE:

CSAC Excess Insurance Authority

By: 

Print Name: Laura Turlington

Title: Chief Information Officer

Date: April 4, 2013

Appendix B
MAINTENANCE AND SUPPORT AGREEMENT

This Maintenance and Support Agreement sets forth the terms and conditions under which LICENSOR will provide technical support services to LICENSEE regarding the licensed Software under the Master Software License and Professional Services Agreement (the "Agreement") by and between Systema Software LLC ("LICENSOR"), with a place of business at 60 E. Sir Francis Drake Blvd, Suite 209, Larkspur, CA, 94939 and between CSAC Excess Insurance Authority ("LICENSEE" or "CSAC EIA"), with its place of business located at 75 Iron Point Circle, Suite 200, Folsom, CA 95630. All the terms used in this Appendix shall retain the same meaning as defined in the Agreement and such definitions are incorporated herein by reference. In the event of any conflict between the provisions of the Agreement and of this Appendix, the provisions of this Appendix shall prevail. The terms and conditions of this Appendix are applicable solely to the Software described herein and in no way affect or alter the terms of any other Appendix incorporated into the Agreement prior to or after the effective date of this Appendix. The effective date of this Appendix shall be the date last signed below.

1. Maintenance and Support Service.

a. LICENSOR shall provide the technical support services necessary to remedy any operational difficulties attributable to the Software set forth in the Master Software License and Professional Services Agreement.

b. LICENSOR's Support Service Level Guidelines (the "Guidelines") which defines the support and services provided by LICENSOR is available on LICENSOR'S website at <http://www.systemasoft.com> and is attached in this agreement as Appendix C and is incorporated herein as fully set forth in this Agreement. LICENSOR reserves the right to modify the Support Service Level Guidelines from time to time.

c. LICENSOR will provide support for software up to 3 versions back or up to 24 months back from the current release, whichever is longer. Releases are designated by the year they are released, and the number of major releases provided in a year. For example a version of SIMS Claims released in May of 2010 would be named 2010-R1, and a version of SIMS Claims released in October of 2010 would be named 2010-R2.

2. Terms of Agreement. The mutual obligations under this Agreement shall commence on Production Use of the Software by LICENSEE in accordance with the terms of the Master Software License and Professional Services Agreement and shall continue for:

a. A period of one year (365 days) subject to renewal or after which time it may be terminated by either party on sixty (60) days prior written notice to the other party. It is hereby agreed that LICENSEE may renew this Agreement, if for identical services, at a price increase guaranteed not to exceed the Consumer Price Index (CPI). The renewal of the Agreement shall take effect by LICENSEE paying the invoice for the new annual fee.

b. Should LICENSEE cease purchasing maintenance and support for the Software pursuant to this Maintenance and Support Agreement or otherwise (lapse), further available support, updates and upgrades may no longer be assured

c. Should LICENSEE desire to return to Maintenance and Support following a lapse, the parties shall enter into a new, mutually acceptable agreement subject to the Guidelines in effect at that

time. The rates charged for maintenance and support in the new agreement shall be no higher than LICENSOR's then current published standard rates for such maintenance and support together with any price increases which would have been implemented had the lapse not occurred.

d. The fee for the Maintenance and Support Services provided for herein shall initially be as per the Payment Terms referenced in Appendix A. Initially, LICENSEE shall be invoiced for the annual maintenance fee upon LICENSOR's receipt of LICENSEE's written notice of its Production Use. Thereafter, the fee for Maintenance and Support Services shall be payable in advance of each one-year period. A refund equal to the prorated maintenance fee (i.e., maintenance fee/12 times the remaining months) shall be given if this Agreement is terminated pursuant to the terms and conditions of the Software License Agreement.

3. RESERVED

4. **Travel.** LICENSEE shall promptly reimburse LICENSOR for any reasonable travel and out-of-pocket expenses incurred by LICENSOR in connection with providing support services to LICENSEE. All such expenses will be billed as incurred and promptly submitted to LICENSEE.

5. **Subcontracting.** LICENSOR reserves the right to subcontract, subject to imposition by LICENSOR of confidentiality terms as required by Section 11 ("Confidentiality") of the Master Software License and Professional Services Agreement for the performance of any or all of the support services to be provided hereunder.

IN WITNESS WHEREOF, the parties hereto, through their duly authorized officers, have executed this Appendix B.

LICENSOR:

Systema Software LLC

By: 

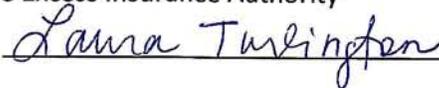
Print Name: Jose Tribuzio

Title: President & CEO

Date: 4/5/13

LICENSEE:

CSAC Excess Insurance Authority

By: 

Print Name: Laura Turlington

Title: Chief Information Officer

Date: April 4, 2013

Appendix C

SIMS CLOUD HOSTING SERVICE LEVEL GUIDELINES

1. LICENSOR shall provide LICENSEE with notification of Maintenance Releases and bug fixes as they become generally available. The contents of all Maintenance Releases shall be decided upon by LICENSOR in its sole discretion and will generally include those changes that correct errors as well as minor enhancements and updates to the applicable Software. All Major, Minor, and Maintenance releases will be provided at no additional charge. Any new optional Modules/Connectors and/or new products may be subject to additional license fees under a separate or amended Software Appendix, as applicable.
2. LICENSEE will receive hot line support providing advice, consultation, and assistance to use the Software and any developed software, if applicable, and to diagnose and correct problems that LICENSEE may encounter during the Coverage Window. The "Coverage Window" is defined as the designated time period within which LICENSEE may notify LICENSOR that the Software covered under this Agreement is exhibiting an error. The Coverage Window initially shall be Monday through Friday, 8 AM to 6 PM Pacific Standard Time, excluding national holidays.
3. LICENSOR shall use reasonable efforts to respond to support requests received during the Coverage Window within the response times. Upon identification of any error, LICENSEE shall notify LICENSOR of such error and shall provide the LICENSOR with enough information to locate and reproduce the error. To assist LICENSOR in delivery of the support services, LICENSEE shall submit to LICENSOR a listing of output and all such other data which LICENSOR reasonably may request in order to reproduce operating conditions similar to those present when the error was discovered. Response times are defined as follows:

Priority 1

Definition: SEVERE SYSTEM IMPACT.

Problems that cause the Software to experience severe loss of production capability which could include but not be limited to the following:

- Problems that cause the system to be non-functional, i.e., that prevent users from adding claims, payments or processing checks, or (ii) that corrupt financial or legally required data.

Required response: LICENSOR acknowledges the error and within two (2) hours from notification during the Coverage Window and will immediately begin work using reasonable efforts upon an interim solution and makes all reasonable efforts to provide a final solution as soon as possible.

Priority 2

Definition: MODERATE SYSTEM IMPACT.

- Problems that (i) prevent some function or process from meeting functional specifications, but do not prevent users from adding claims, payments or processing checks, or (ii) data other than financial or legally required data is being corrupted by a system bug.

Required response: LICENSOR acknowledges the error and within one (1) business day from notification during the Coverage Window and begins work upon an interim solution and makes all reasonable efforts to provide a final solution as soon as possible.

Priority 3

Definition: MINOR SYSTEM IMPACT

- Problems that prevent some function or process from meeting functional specifications but have a reasonable work-around. Problems that prevent some portion of a function from meeting functional specifications but do NOT severely or moderately impact the overall performance of the function. Problems that are a nuisance or of a cosmetic nature and any suggestions for future release.

Required Response: LICENSOR begins work on a recommendation to resolve the support request within two (2) business days. If determined to be a software bug a permanent fix will be incorporated into a future release of the Software within the following 90 days.

4. SIMS Cloud Hosting Service: In addition to the services outlined above Licensor shall provide an infrastructure for hosting SIMS claims. General Services include:
- Hardware environment scaled to meet LICENSEE's user count, claim volume, and data/image storage needs
 - Systema managed updates/upgrades
 - Full time production and test environments
 - The initial test environment will be a copy of the initial production dataset, then will be refreshed on a quarterly basis including business rules, reports, data, etc. Only a subset of images/attachments will be included due to storage requirements for images/attachments.
 - Disaster Recovery hot backup to another physical location
 - Execution of database tuning procedures to maintain optimal performance
 - Single point of contact for support

Detailed infrastructure and service levels are outlined below.

Primary Site Data Center – Elk Grove Village, IL

Facility

- Data Center floor for site is approximately 121,000 sq ft
- Pods total 34,000 sq ft
- Site is manned 24x7x365 with Rackspace operations personnel
- Preventative Maintenance contracts on all facility infrastructure

Security

- Staffed 24x7 with separate security lobby
- Electronic security features with card key access
- Alarm system
- CCTV archived video

Power

- 5.2 mW critical power to pods
- 20.8 mW total critical power to site

UPS

- 16 Rotary power systems with 1300 kW of critical output each
- N+2 Redundancy

Heat Rejection Systems (AC)

- Evaporative chilled water plant
- Over 9,200 tons of cooling
- Chillers: N+2 Redundancy, CRAH: N+20% Redundancy

Fire Protection

- Laser based Early Smoke Detection
- Dual Sprinkler System

Facility Monitoring

- NARC – Network monitoring software
- Data Trax Foreseer Facility Monitoring System

Generators

- 16 diesel-powered emergency generators with 2,250 kW capacity each
- N+2 redundant

Rack Systems

- Rackspace uses custom 55u (approx. 9ft) Rack Solutions cabinets

Access

- Licensor retains administrative control of their leased servers
- Rackspace retains control of dedicated networking hardware such as firewalls and load balancers
- Console level access is provided via Terminal Services of SSH over VPN, depending upon platform

Network Infrastructure

- Redundant Cisco 3-tier LAN Architecture

Physical Connectivity

- Multiple fiber carriers
- Copper and fiber installed and terminated to onsite demarcation

Transit

- Multiple Tier-1 Service Providers
- 10-Gigabit Ethernet per carrier (multiple gigabits of total bandwidth available)

Routing

- Redundant Cisco 6500 Series Switches for edge and core routing

- Internap FCP route optimization

Switching

- Cisco 4948 Series Switches for aggregation
- Cisco 2950/2960 Series Switches for Distribution

Network Security

Cisco ASA 5505 Firewall Sec+

- Fully Managed Device, includes 24 x 7 Monitoring, Rule Changes and 1 Hour Replacement Guarantee
- Stateful packet inspection
- 150 Mbps Aggregate and 25,000 Concurrent Connections
- 100 Mbps Connectivity
- 3 DES

Cisco VPN Access – Site to Site

- 3 DES Encryption
- Fully Managed, Software Updates and Management Included
- 1 Per Site

thawte™ 1,2,3 SSL Certificate

- SSL DV technology
- The thawte Trusted Site seal
- Trust Level: One star
- Security Level: One star
- Max Encryption: 40-bit
- Note: Additional options are available for extended validation, organizationally validated and domain validated SSL certificates

Managed Anti-Virus Powered by Sophos

- Provides proactive protection against viruses, malware and rootkits
- Uses Behavioral Genotype Protection™ to provide zero-day protection
- Includes quarantine manager for deleting or disinfecting infected files
- Automatic Updates

SIMS Claims Processing Environment

Licensors shall provide a specific server configuration scaled to meet Licensee's user count, claim volume, and data/image storage needs

Business Continuity

Both Primary and Disaster Recovery facilities provide:

- Redundant utility (data, voice, electric) providers and supporting SLAs
- Adequate inventories for hardware failure replacement
- Backup generators and electrical controls at each data center capable of 30 hours operation
- Periodic restoration and contingency testing

Disaster Recovery Site

A disaster recover site shall be provided. In the event that the primary site is compromised and not able to function the disaster recovery site and supporting processes will provide data protection by continuously replicating it between the primary site and DR site. The data becomes geographically redundant and the DR site will become available for production use should an issue arise that causes the primary location to go down. Features include:

- Data Replication Services replicates business critical, file-level data utilizing existing and target servers and VMs via DoubleTake's award winning host based technology.
- Near synchronous replication is achieved via patented byte level technology. This byte level technology replicates changes within files, not the entire file.
- RPO and RTO (Recovery Time Objective) ~10 minutes dependent on the DC throughput at the time of failure
- Each solution is optimally designed, deployed and managed by team of expert Host Based Replication Support Personnel 24/7/365

Standard Backup (both Primary and Disaster Recover Sites)

- File backup type: Onsite – Weekly full plus daily differentials: Offsite – weekly
- Backup storage: Disk located at datacenter and cloud server
- Security: Trust in data security with robust AES-256 encryption and a user-controlled key. Data is encrypted before it leaves the server and stays encrypted while stored.
- File System Support: Store and restore extended file systems with support for Windows and Linux security attributes and ACLs, junction points, symlinks, hardlinks, and device nodes. There are no maximum file or backup set sizes.

SIMS Cloud Hosting Service Level Guarantee:

Licensor guarantees that SIMS Cloud Hosting Service will be available 100% of the time in a given month during The Coverage Window, excluding scheduled maintenance. Downtime exists when Licensor is unable to transmit and receive data and is measured from the time Licensor is notified of the system being not available.

*Should downtime occur a credit of 5% of the monthly fee per day of downtime (following the first full or partial day) shall be provided. Credit shall be limited to up to 100% of the monthly fee.

Appendix D – Escrow Beneficiary Enrollment Form

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BENEFICIARY ENROLLMENT FORM

Depositor and Iron Mountain Intellectual Property Management, Inc. ("Iron Mountain"), hereby acknowledge that

BENEFICIARY COMPANY NAME: CSAC EXCESS INSURANCE AUTHORITY (CSAC EIA) is the **Beneficiary** referred to in the Escrow Agreement that supports **Deposit Account Number:** _____ with Iron Mountain as the escrow agent. **Beneficiary** hereby agrees to be bound by all provisions of such Agreement.

SERVICE Check Box(es) to Order Server	SERVICE DESCRIPTION-MASTER THREE PARTY ESCROW AGREEMENT - DEPOSITOR	ONE- TIME FEES	ANNUAL FEES	PAYING PARTY Check box to identify the Paying Party
<input type="checkbox"/> Account	Iron Mountain will set up one additional deposit account to manage and administrate access to new Deposit Material that will be securely stored in controlled media vaults in accordance with the service description above and the Agreement that governs the Initial Deposit Account.		\$1,000	<input type="checkbox"/> Depositor - OR - <input type="checkbox"/> Beneficiary
<input checked="" type="checkbox"/> Additional Beneficiary	Iron Mountain will fulfill a Work Request to add a new Beneficiary to an escrow deposit account in accordance with the service description above and the Agreement.		\$800	<input type="checkbox"/> Depositor - OR - <input checked="" type="checkbox"/> Beneficiary
<input type="checkbox"/> File List Report	Iron Mountain will fulfill a Work Request to provide a File List Test, which includes a deposit media readability analysis, a file listing, a file classification table, virus scan outputs, and assurance of completed deposit questionnaire. A final report will be sent to the Paying Party regarding the Deposit Material to ensure consistency between Depositor's representations (i.e., Exhibit B and Deposit Questionnaire) and stored Deposit Material. Deposit must be provided on CD, DVD-R, or deposited by sFTP.	\$2,500	N/A	<input type="checkbox"/> Depositor - OR - <input checked="" type="checkbox"/> Beneficiary
<input type="checkbox"/> Level 1 - Inventory and Analysis Test	Iron Mountain will perform an Inventory Test on the initial deposit, which includes Analyzing deposit media readability, virus scanning, developing file classification tables, identifying the presence/absence of build instructions, and identifying materials required to recreate the Depositor's software development environment. Output includes a report which will include build instructions, file classification tables and listings. In addition, the report will list required software development materials, including, without limitation, required source code languages and compilers, third-party software, libraries, operating systems, and hardware, as well as Iron Mountain's analysis of the deposit.	\$5,000 or based on SOW if custom work required	N/A	<input type="checkbox"/> Depositor - OR - <input checked="" type="checkbox"/> Beneficiary

AUTHORIZED PERSON(S)/NOTICES TABLE

Please provide the name(s) and contact information of the Authorized Person(s) under this Agreement. All Notices will be sent electronically or through regular mail to the appropriate address set forth below. Please complete all information as applicable. Incomplete information may result in a delay of processing.

BENEFICIARY**DEPOSITOR**

PRINT NAME:	Laura Turlington	PRINT NAME:	Jose Tribuzio
TITLE:	Chief Information Officer	TITLE:	President
EMAIL ADDRESS	lturlington@csac-eia.org	EMAIL ADDRESS	jose.tribuzio
STREET ADDRESS	75 Iron Point Circle, Suite 200	STREET ADDRESS	60 E. Francis Drake Blvd, Suite 209
PROVINCE/CITY/STATE	Folsom, CA	PROVINCE/CITY/STATE	CA
POSTAL/ZIP CODE	95630	POSTAL/ZIP CODE	94939
PHONE NUMBER	(916) 850-7300	PHONE NUMBER	800-272-9102 x 702
FAX NUMBER	(916) 850-7200	FAX NUMBER	800-272-9102

PAYING PARTY COMPANY NAME: CSAC EIA

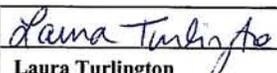
BILLING CONTACT INFORMATION TABLE

Please provide the name and contact information of the Billing Contact under this Agreement. All Invoices will be sent to this individual at the address set forth below.

PRINT NAME:	Laura Turlington
TITLE:	Chief Information Officer
EMAIL ADDRESS	lturlington@csac-eia.org
STREET ADDRESS	75 Iron Point Circle, Suite 200
PROVINCE/CITY/STATE	Folsom, CA
POSTAL/ZIP CODE	95630
PHONE NUMBER	(916) 850-7300
FAX NUMBER	(916) 850-7200
PURCHASE ORDER #	

DEPOSITOR**BENEFICIARY**

SIGNATURE:	
PRINT NAME:	Jose Tribuzio
TITLE:	President, Systema Software
DATE:	4/5/13
EMAIL ADDRESS	jose.tribuzio@systemasoft.com

SIGNATURE:	
PRINT NAME:	Laura Turlington
TITLE:	Chief Information Officer, CSAC EIA
DATE:	April 5 th , 2013
EMAIL ADDRESS:	lturlington@csac-eia.org

IRON MOUNTAIN INTELLECTUAL PROPERTY MANAGEMENT, INC.

Signature:	
PRINT NAME:	
TITLE:	
DATE:	
EMAIL ADDRESS:	ipmclientservices@ironmountain.com

All notices to Iron Mountain Intellectual Property Management, Inc. should be sent to ipmclientservices@ironmountain.com OR Iron Mountain Intellectual Property Management, Inc., Attn: Client Services, 2100 Norcross Parkway, Suite 150, Norcross, Georgia, 30071, USA.

Appendix E - CSAC EIA Request for Proposal (RFP) and LICENSOR's Response to RFP

Appendix F – Pool Providers Bill of Rights
CSAC EXCESS INSURANCE AUTHORITY
Pool Service Providers' Bill of Rights

The CSAC Excess Insurance Authority (Authority) recognizes its place as one of the premier organizations in the public entity pooling industry. We are constantly striving to achieve the goals of excellence in governance and management by conducting our official business with social responsibility that will encourage public trust.

The Authority has established standards that our business partners – pool service providers (PSP's) – should expect in serving the Authority and its members. The basic rights that PSP's should expect while providing services to the Authority, include the following:

1. PSP's should expect to be treated consistently with dignity, respect, and professionalism.
2. PSP's should not be expected to provide gifts, perks or other benefits to members of the Board of Directors or Committees, or staff members (or any person or organization associated with them) as a condition of doing business with the pool.
3. . PSP's should expect fair and equitable treatment in the procurement process. Every competitive bidding process should be open, well defined and transparent. The Authority recognizes that there is a direct cost to the PSP in preparing every service proposal.
4. PSP's should expect to have a written service agreement with the Authority specifying all terms and conditions of the contractual relationship.
5. PSP's should only be expected to provide services contained within the scope of the service agreement.
6. PSP's should be paid in a timely manner for services rendered in accordance with the provisions of the service agreement.



System Usage Guidelines and Cost Summary for the Implementation of SIMS

CSAC Excess Insurance Authority Members

City of Sacramento Proposal

Exhibit B

Overview

The purpose of this document is to outline the System Usage Guidelines and the associated costs required to implement the SIMS claims system in partnership with EIA.

System Usage Guidelines

- Member will utilize the SIMS Claims Administration System under the same terms and conditions provided in the agreement between the EIA and SIMS pricing specific to Member is outlined below.
- Member will be implemented on a database which will be hosted by the member.
- Member will be provided with a “standard” environment to administer and/or track Workers’ Compensation (additional Insurance Types can be added at an additional cost). The “standard” environment is based upon the EIA’s environment and utilization of the system.
- The “standard” environment will include pre-defined codes for primary reference tables such as body part, claimant type, reserve categories, etc. to ensure ease of data transfer to the EIA database. Most code tables can be modified by the member, but proper code translations must be provided for the EIA.

Support

- Member’s support will be handled through Systema Software.

One-time Fees

Software Line of Business Fee – This one-time fee licenses the use of the software for Lines of Business. Each line of business is \$14,500. The Member has chosen to purchase one (1) line of business for Worker’s Compensation.

User License Fees - A one-time user license fee for the Member is \$51,000 based on seventeen (17) concurrent user licenses. Unlimited read-only users may be created at no cost.

Optional Modules and Connectors -

- Systema offers a number of Optional Modules and Optional Connectors to SIMS users.
- All Optional Modules and Connectors will require some analysis, implementation and/or development/programming by Systema.
- Systema has provided a quote for these services which is listed in this agreement. These costs will be the responsibility of the member at the time of implementation of the module and/or connector.
- Any additional annual maintenance fees associated with the purchase of an Optional Module or Optional Connector will be the responsibility of the member or members who utilize the module or interface.
- A current list and estimated costs of available Optional Modules and Optional Connectors can be obtained from Systema.

Member elected modules/connectors_– the Member has chosen the modules and connectors listed below. The total cost for licensing those modules/connectors is \$40,000.

Document Image Management Module	\$2,500
Check Issuance Module	\$2,500
SIMS CMS Direct Module	\$7,500
SIMS Portal Module	\$10,000
ISO Claim Search Connector	\$2,500
Medical Bill Review Connector	\$5,000
General Ledger Connector	\$5,000
Employee (HR) Connector	\$5,000

Project Management/Business Analyst Services – estimated cost \$92,400

- Systema charges \$165 per hour for Project Management, Business Analysis, system setup, and implementation services. Systema has estimated these services to require 560 hours.
- Configuration services are included in the Systema estimated hours. This assumes that the SIMS system, modules and connectors can be configured using the built-in configuration utilities and that no custom development is required.

System Setup – Environment Configuration -

- Member's database will be created and configured based on the EIA template for standardized members.
- Systema will configure all server systems to provide level of functionality for member based on this participation agreement. Production database, Data warehouse database, and base product report writing functionality will be configured to support SIMS software implementation and use.
- There are no additional setup costs.

Data Conversion – estimated cost \$30,750

The data conversion estimate is based on the following assumptions:

- Conversion of 1 consolidated database exported to SQL tables (GenSource's GenCOMP)
- Total of all claims that will be converted does not exceed 100,000 claims
- Includes 1 Trial Data Conversion and 1 Final Data Conversion for one Go-live event
- Systema will not be required to provide any significant data clean up
- The method in which the City extracts their data must be repeatable so there is consistency in the deliverables of the Trial and Final Conversions
- The City has staff available that understands their old system data layouts
- Financial balancing information is provided by the City. Reports should include: claim counts, claim level detail, monthly and yearly financial reports, total incurreds, outstanding reserves, recovery amounts, etc.
- The City validates trial data and final data in a timely fashion
- Estimate excludes conversion of log files, FROI/SROI history, and automatic payment schedules
- The data conversion includes a maximum of 25 custom fields converted (i.e. client defined fields).
- Additional conversion/implementation cost, if any, will be invoiced on a monthly basis as incurred. Implementation/project management service fees are at a rate of \$165.00 per hour.
- EIA and Systema recognize that the City is currently using GenCOMP and may request 4iSoft to work with City and Systema to convert. Fees for 4iSoft's services are not included in this document.

Additional requirements:

- The EIA and the member agree to provide timely feedback to Systema on conversion questions, specifications, and other items received from Systema.
- The EIA and the member will provide the claims database to be converted into SIMS.
- Claims to be converted will come from a single source system.

- The EIA and the member will provide reference table mapping. The EIA will work with the member to determine the reference table values that are currently used and the correlation to the values that will be used in SIMS.
- The EIA and the member will be responsible for financial balancing, mapping validation and system function testing. Systema agrees to assist with this process if requested.

Training – estimated cost: \$9,240

- Since all Members' needs for training are different, it is the responsibility of the Member to determine the appropriate amount of training needed. EIA will work with the Member to verify their level of comfort with the system in order for the Member to receive the appropriate training.
- Systema recommends the following training:
 - General User Training – 4 Days
 - System Administrator - 2 Days
 - SQL Reports – 1 Day
- Actual Fees are based on \$165.00 per hour plus travel expenses for the trainer.
- The cost for training has been calculated based on the assumption of Systema providing training for a maximum of 8 users per class for 7 days.
- If the Member chooses to use less than the 7 days of training, they will pay for the time used.

Annual Fees:

The Annual Maintenance and Support Fee for the Member is \$42,200. The annual maintenance fee is 40% of the cost of Line of Business License Fee + User License Fees + Optional modules & connectors + Custom Development.

The SIMS Cloud Hosting fee for the Member is \$0. The member has chosen to self-host.

InterFund Borrowing Model

(Member has chosen this model)

The InterFund Borrowing Model assumes that the member will pay for all one-time costs spread over a five (5) year period while annual maintenance costs are charged to member as they are incurred. The first payment will be due at go-live of production environment. The Borrowed funds are charged interest based on the EIA Board approved borrowing rate. This rate is based on what the funds would have earned if they were in the EIA investment portfolio. For FY 14/15 the rate has been set at .75%, for future years the numbers are estimates. An example of that is below:

City of Sacramento								
Lines of Business:	WC							
Concurrent User Licenses:	17							
	Fiscal Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
		14/15	15/16	16/17	17/18	18/19	19/20	20/21
	Finance Charge Rate²	0.75%	0.75%	1.0%	1.5%	2.0%	N/A	N/A
One-Time Fees								
Software License Fees								
	Component/Site License Fee	-	-	-	-	-	-	-
	Lines of Business	14,500	-	-	-	-	-	-
	User Licenses	51,000	-	-	-	-	-	-
	Optional Modules & Connectors	40,000	-	-	-	-	-	-
Implementation Services								
	Project Mgmt/Business Analyst	92,400	-	-	-	-	-	-
	Data Conversion	30,750	-	-	-	-	-	-
	Additional Lines of Insurance	-	-	-	-	-	-	-
	Training	9,240	-	-	-	-	-	-
Total One-Time Fees		237,890	-	-	-	-	-	-
One-Time Fees Financing Plan								
	Annual Payment	(47,578)	(47,578)	(47,578)	(47,578)	(47,578)	-	-
	Running Balance	190,312	144,161	97,665	51,063	4,251	-	-
	Annual Finance Charge	1,427	1,081	977	766	85	-	-
Annual Financing Plan Payment		49,005	48,659	48,555	48,344	47,663	-	-
Annual Fees								
	Maintenance & Support	42,200	43,466	44,770	46,113	47,496	48,921	50,389
	Cloud Hosting	-	-	-	-	-	-	-
Total Annual Fees		42,200	43,466	44,770	46,113	47,496	48,921	50,389
Grand Total		91,205	92,125	93,325	94,457	95,159	48,921	50,389