

CITY OF CHANDLER  
PROFESSIONAL SERVICES AGREEMENT

SEP 22 2011

Project Number: PRHZ08122011

Project Name: Business Travel Accident & Commuting Insurance

THIS AGREEMENT is made and entered into this 22 day of September, 2011, by and between the City of Chandler, a Municipal Corporation of the State of Arizona, hereinafter referred to as "CITY", and ACE American Insurance Company, a Pennsylvania Corporation, hereinafter referred to as "CONTRACTOR".

WHEREAS, the Mayor and City Council of the City of Chandler is authorized and empowered by provisions of the City Charter to execute contracts for professional services; and

WHEREAS, CONTRACTOR represents that CONTRACTOR has the expertise and is qualified to perform the services described in the Agreement.

NOW THEREFORE, in consideration of the mutual promises and obligations set forth herein, the parties hereto agree as follows:

**1. CONTRACT ADMINISTRATOR**

1.1. To provide the professional services required by this Agreement CONTRACTOR shall act under the authority and approval of Benefit Programs Supervisor or designee, (the Contract Administrator), who shall oversee the execution of this Agreement, assist the CONTRACTOR with any necessary information, audit billings, and approve payments. The CONTRACTOR shall channel reports and special requests through the Contract Administrator.

2. **SCOPE OF WORK:** CONTRACTOR shall provide those services described in the policy attached hereto as Exhibit B and made a part hereof by reference.

3. **ACCEPTANCE AND DOCUMENTATION:** CITY reserves the right to review each task to determine acceptable completion.

4. **FEE SCHEDULE:** For the services described in paragraph 2 of this Agreement, CITY shall pay CONTRACTOR a fee not to exceed the sum of Twenty Three Thousand Four Hundred Sixty Three dollars (\$23,463) in accordance with the fee schedule attached hereto as Exhibit B and incorporated herein by reference, except as may be provided pursuant to the terms and conditions of the policy as described in Exhibit B.

5. **TERM:** Term of the AGREEMENT is for a three year period, commencing on January 1, 2012 and terminating on December 31, 2014, unless sooner terminated in accordance with the provisions herein and in accordance with the terms and conditions of the policy described in Exhibit B.

**6. TERMINATION:**

**6.1. Termination for Convenience:** CITY reserves the right to terminate this Contract or any part thereof in accordance with the termination provisions of the policy described in Exhibit B.

**6.3. Availability of Funds for the next Fiscal Year.** Funds may not presently be available under this agreement beyond the current fiscal year. No legal liability on the part of the CITY for services may arise under this agreement beyond the current fiscal year until funds are made available for performance of this agreement. The CITY may reduce services or terminate this agreement without further recourse, obligation, or penalty in the event that insufficient funds are appropriated. The City Manager shall have the sole and unfettered discretion in determining the availability of funds. Notwithstanding the above, the terms and conditions of the policy described in Exhibit B shall continue to be binding on the parties.

**7. INDEMNIFICATION:** The CONTRACTOR agrees to indemnify, defend, and save harmless the City of Chandler, its Mayor and Council, appointed boards and commissions, officials, officers, employees, individually and collectively; from all losses, claims, suits, actions, payments and judgments, demands, expenses, attorney's fees, defense costs, or actions of any kind and nature resulting from personal injury to any person, including employees of the CONTRACTOR or of any Sub CONTRACTOR employed by the CONTRACTOR (including bodily injury and death) or damages to any property, arising or alleged to have arisen out of the negligent performance of the CONTRACTOR for the work to be performed hereunder, except any such injury or damages arising out of the sole negligence of the City, its officers, agents or employees. IT IS THE INTENTION OF THE PARTIES to this contract that the City of Chandler, its Mayor and Council, appointed boards and commissions, officials, officers, employees, individually and collectively, are to be indemnified against their own negligence unless and except their negligence is found to be the sole cause of the injury to persons or damages to property. Notwithstanding the above, CONTRACTOR shall not be obligated to provide the City of Chandler any additional benefits except as otherwise provided under the policies described in Exhibit B.

The amount and type of insurance coverage requirements set forth herein will in no way be construed as limiting the scope of the indemnity in this paragraph.

**8. INSURANCE REQUIREMENTS:** CONTRACTOR shall provide and maintain the insurance as listed in Exhibit D attached hereto and made a part hereof by reference.

**9. ENTIRE AGREEMENT:** This Agreement constitutes the entire understanding of the parties and supersedes all previous representations, written or oral, with respect to the services specified herein. This Agreement may not be modified or amended except by a written document, signed by authorized representatives or each party.

**10. ARIZONA LAW:** This Agreement shall be governed and interpreted according to the laws of the State of Arizona.

**10.1** Pursuant to the provisions of A.R.S. § 41-4401, the Contractor hereby warrants to the City that the Contractor and each of its subcontractors ("Subcontractors") will comply with all Federal Immigration laws and regulations that relate to the immigration status of their employees and the requirement to use E-Verify set forth in A.R.S. §23-214(A) (hereinafter "Contractor Immigration Warranty").

- 10.2 A breach of the Contractor Immigration Warranty (Exhibit A) shall constitute a material breach of this Contract that is subject to penalties up to and including termination of the contract.
- 10.3 The City retains the legal right to inspect the papers of any Contractor or Subcontractor employee who works on this Contract to ensure that the Contractor or Subcontractor is complying with the Contractor Immigration Warranty. The Contractor agrees to assist the City in the conduct of any such inspections.
- 10.4 The City may, at its sole discretion, conduct random verifications of the employment records of the Contractor and any Subcontractors to ensure compliance with Contractors Immigration Warranty. The Contractor agrees to assist the City in performing any such random verifications.
- 10.5 The provisions of this Article must be included in any contract the Contractor enters into with any and all of its subcontractors who provide services under this Contract or any subcontract. "Services" are defined as furnishing labor, time or effort in the State of Arizona by a contractor or subcontractor. Services include construction or maintenance of any structure, building or transportation facility or improvement to real property.
- 10.6 In accordance with A.R.S. §35-393.06, the Contractor hereby certifies that the offeror does not have scrutinized business operations in Iran.
- 10.7 In accordance with A.R.S. §35-391.06 the Contractor hereby certifies that the offeror does not have scrutinized business operations in Sudan.
- 10.8 The Contractor certifies that it is licensed to provide the work to be performed under this Contract, if the State of Arizona requires such a license.

## **11. CONFLICT OF INTEREST:**

- 11.1 **No Kickback.** CONTRACTOR warrants that no person has been employed or retained to solicit or secure the Agreement upon an agreement or understanding for a commission, percentage, brokerage or contingent fee; and that no member of the City Council or any employee of the CITY has any interest, financially or otherwise, in the firm unless this interest has been declared pursuant to the provisions of A.R.S. section 38-501. Any such interests were disclosed in CONTRACTOR'S proposal to the CITY. Nothing herein shall prohibit a party from compensating an insurance producer duly licensed in Arizona.
- 11.2 **Kickback Termination.** CITY may cancel any contract or agreement, without penalty or obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the agreement on behalf of the CITY is, at any time while the Agreement or any extension of the Agreement is in effect, an employee of any other party to the Agreement in any capacity or a CONTRACTOR to any other party to the Agreement with respect to the subject matter of the Agreement. The cancellation shall be effective when written notice for CITY is received by all other parties, unless the notice specifies a later time (A.R.S. 38-511).
- 11.3 **No Conflict.** CONTRACTOR stipulates that its officers and employees do not now have a conflict of interest and it further agrees for itself, its officers and its employees that it will not contract for or accept employment for the performance of any work or services with any individual business, corporation or government unit that would create a conflict of interest in the performance of its obligations pursuant to this project.

- 11.4 Alternative Dispute Resolution.** The parties hereby agree that there shall be a sixty (60) day moratorium on litigation commencing on the day that a claim is filed by CONTRACTOR pursuant to A.R.S. § 12-821.01 during which time the parties will negotiate in good faith to resolve the dispute and evaluate the viability of pursuing alternative dispute resolution procedures such as mediation and arbitration.
- 11.5 Arizona Law.** This Agreement shall be governed and interpreted according to the laws of the State of Arizona.
- 11.6 Jurisdiction and Venue.** The parties agree that this Agreement is made in and shall be performed in Maricopa County. Any lawsuits between the Parties arising out of this Agreement shall be brought and concluded in the courts of Maricopa County in the State of Arizona, which shall have exclusive jurisdiction over such lawsuits.
- 11.7 Fees and Costs.** Except as otherwise agreed by the parties, the prevailing party in any adjudicated dispute relating to this Agreement is entitled to an award of reasonable attorney's fees, expert witness fees and costs including, as applicable, arbitrator fees; provided, however, that no award of attorney's fees shall exceed ten percent (10%) of the damages awarded the prevailing party unless the non-prevailing party has been determined to have acted in bad faith or in a frivolous manner during the adjudication.
- 12. NOTICES:** All notices or demands required to be given pursuant to the terms of this Agreement shall be given to the other party in writing, delivered by hand or registered or certified mail, at the addresses set forth below, or to such other address as the parties may substitute by written notice given in the manner prescribed in this paragraph.

In the case of City:  
City of Chandler  
Human Resources Division  
P.O. Box 4008, Mail Stop 703  
Chandler, AZ 85244-4008  
480.782. 2359

In the case of CONTRACTOR:  
James Walloga  
ACE American Insurance Company  
1133 Avenue of the Americas, 41<sup>st</sup> Floor  
New York, NY 10036  
212.703.7197

Notices shall be deemed received on date delivered, if delivered by hand, and on the delivery date indicated on receipt if delivered by certified or registered mail.

IN WITNESS WHEREOF, the parties have hereunto subscribed their names to this \_\_\_\_\_ day of \_\_\_\_\_ 2011.

CITY OF CHANDLER

CONTRACTOR

\_\_\_\_\_  
Mayor Date

By: J. Walloga  
Title: VICE PRESIDENT

APPROVE AS TO FORM

ATTEST: If Corporation

\_\_\_\_\_  
City Attorney *OW for*

\_\_\_\_\_  
*Ina G. Wanca*  
Secretary

ATTEST:

\_\_\_\_\_  
City Clerk

INA G. WANCA  
Notary Public, State of New York  
No. 01WA6179133  
Qualified in New York County  
Commission Expires Dec. 24, 2011

SEAL

**EXHIBIT A**

**Contractor Immigration Warranty  
To Be Completed by Contractor Prior to Execution of Contract**

A.R.S. § 41-4401 requires as a condition of your contract verification of compliance by the contractor and subcontractors with the Federal Immigration and Nationality Act (FINA), all other Federal immigration laws and regulations, and A.R.S. § 23-214 related to the immigration status of its employees.

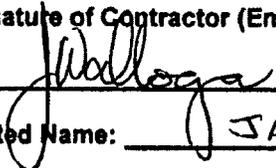
By completing and signing this form the contractor shall attest that it and all subcontractors performing work under the cited contract meet all conditions contained herein.

<b>Contract Number: PRHZ08122011</b>		
<b>Name (as listed in the contract): ACE American Insurance Company</b>		
<b>Street Name and Number: 1133 Avenue of the Americas, 41<sup>st</sup> Floor</b>		
<b>City: New York</b>	<b>State: NY</b>	<b>Zip Code: 10036</b>

I hereby attest that:

1. The contractor complies with the Federal Immigration and Nationality Act (FINA), all other Federal immigration laws and regulations, and A.R.S. § 23-214 related to the immigration status of those employees performing work under this contract;
2. All subcontractors performing work under this contract comply with the Federal Immigration and Nationality Act (FINA), all other Federal Immigration laws and regulations, and A.R.S. § 23-214 related to the immigration status of their employees.

Signature of Contractor (Employer) or Authorized Designee:

  
\_\_\_\_\_

Printed Name: JAMES WALLOGA

Title: VICE PRESIDENT

Date (month/day/year): 9/22/11

**EXHIBIT B  
SCOPE OF WORK**

**Please see attached policy with an effective date of January 1,2012.**

**EXHIBIT C  
FEE SCHEDULE**

**Rates/Premium**

Option 1 – Business Travel Accident & Commuting

City shall pay CONTRACTOR for a three year agreement with annual installment payments of \$7,821 per year.

**EXHIBIT D**  
**INSURANCE REQUIREMENTS**

CONTRACTOR, at its own expense, shall purchase and maintain insurance of the types and amounts required in this section, with companies possessing a current A.M. Best, Inc. rating of B++6, or better and legally authorized to do business in the State of Arizona with policies and forms satisfactory to CITY.

Professional Liability

CONTRACTOR shall maintain Professional Liability insurance covering acts, errors, mistakes and omissions arising out of the work or services performed by DESIGN CONTRACTOR, or any person employed by CONTRACTOR, with a claims made policy limit of not less than \$1,000,000.

## EXHIBIT B

### ACE INA PRIVACY STATEMENT

The ACE INA group of companies strongly believes in maintaining the privacy of information we collect about individuals. We want you to understand how and why we use and disclose the collected information. The following provides details of our practices and procedures for protecting the security of nonpublic personal information that we have collected about individuals. This privacy statement applies to policies underwritten by ACE American Insurance Company.

#### INFORMATION WE COLLECT

The information we collect will vary depending on the type of product or service individuals seek or purchase, and may include:

- Information we receive from individuals, such as their name, address, age, phone number, social security number, assets, income, or beneficiaries;
- Information about individuals' transactions with us, with our affiliates, or with others, such as policy coverage, premium, payment history, motor vehicle records; and
- Information we receive from a consumer reporting agency, such as a credit history.

#### INFORMATION WE DISCLOSE

We do not disclose any personal information to anyone except as is necessary in order to provide our products or services to a person, or otherwise as we are required or permitted by law.

We may disclose any of the information that we collect to companies that perform marketing services on our behalf or to other financial institutions with whom we have joint marketing agreements.

#### THE RIGHT TO VERIFY THE ACCURACY OF INFORMATION WE COLLECT

Keeping information accurate and up to date is important to us. Individuals may see and correct their personal information that we collect except for information relating to a claim or a criminal or civil proceeding.

#### CONFIDENTIALITY AND SECURITY

We restrict access to personal information to our employees, our affiliates' employees, or others who need to know that information to service the account or in the course of conducting our normal business operations. We maintain physical, electronic, and procedural safeguards to protect personal information.

#### CONTACTING US

If you have any questions about this privacy statement or would like to learn more about how we protect privacy, please write to us at ACE INA Customer Services, P.O. Box 1000, 436 Walnut Street, WA04F, Philadelphia, PA 19106. Please include the policy number on any correspondence with us.



ACE American Insurance Company



ACE American Insurance Company  
(A Stock Company)  
Philadelphia, PA 19106

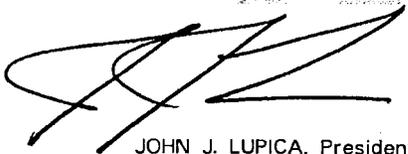
## Blanket Accident Policy

**POLICYHOLDER:** City of Chandler  
**POLICY NUMBER:** SPECIMEN  
**POLICY EFFECTIVE DATE:** January 1, 2012  
**POLICY TERM:** January 1, 2012 to January 1, 2013  
**STATE OF DELIVERY:** Arizona

This Policy takes effect at 12:00 a.m. (midnight) at the Policyholder's address on the Policy Effective Date shown above. It will remain in effect for the duration of the Policy Term shown above if the premium is paid according to the agreed terms. This Policy terminates at 12:00 a.m. (midnight) at the Policyholder's address, on the last day of the Policy Term unless the Policyholder and We agree to continue coverage under this Policy for an additional Policy Term. If coverage is continued for an additional Policy Term and the required premiums are paid on or before the Premium Due Date, We will issue an amendment to identify the new Policy Term.

This Policy is governed by the laws of the state in which it is delivered.

Signed for ACE AMERICAN INSURANCE COMPANY at Philadelphia, Pennsylvania



JOHN J. LUPICA, President



CARMINE A. GIGANTI, Secretary

**THIS IS A BLANKET ACCIDENT INSURANCE POLICY. IT PAYS BENEFITS FOR SPECIFIC  
LOSSES FROM ACCIDENT ONLY.  
BENEFITS ARE NOT PAID FOR LOSS DUE TO SICKNESS.  
PLEASE READ THE POLICY CAREFULLY.**

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## SCHEDULE OF BENEFITS

**PREMIUM DUE DATE:** On or before the Policy Effective Date, and subsequently, on the Renewal Date, if the Policy is renewed for an additional term.

**AGGREGATE LIMIT:**

Benefit Maximum: per Covered Accident: \$2,000,000

We will not pay more than the Benefit Maximum for all losses per Covered Accident. If, in the absence of this provision, We would pay more than Benefit Maximum for all losses from one Covered Accident, then the benefits payable to each person with a valid claim will be reduced proportionately, so the total amount We will pay is the Benefit Maximum.

**CLASSES OF ELIGIBLE PERSONS:**

A person may be insured only under one Class of Eligible Persons even though he or she may be eligible under more than one class.

Class 1 All full-time and part-time employees who are in active service and work more than (20) hours per week.

**PLAN BENEFITS & COVERED ACTIVITIES:**

**Accidental Death & Dismemberment Benefits**

Class 1 Principal Sum	\$200,000
	Business Travel including Limited Personal Deviation
	Commuting

Time Period for Loss: 365 days from the date of a Covered Accident

**Bereavement and Trauma Benefit**

Benefit Amount per session: \$150

Maximum number of sessions: 10

Benefit Maximum Amount per Covered Accident: \$1,500

**Carjacking Benefit:**

Benefit Amount: 10% of the Covered Person's Principal Sum up to a Maximum Benefit of \$20,000

**Coma Benefit**

Benefits are payable initially as 1% of the Principal Sum per Month up to 11 months and thereafter in a lump sum of 100% of the Principal Sum.

**Emergency Medical Benefits**

Benefit Maximum: up to \$10,000

**Emergency Medical Evacuation Benefit**

Benefit Maximum: 100% of Covered Expenses

**Home Alteration and Vehicle Modification Benefit**

Benefit Maximum: 10% of the Covered Person's Principal Sum up to a Maximum Benefit of \$20,000

**Repatriation of Remains Benefit**

Benefit Maximum: 100% of Covered Expenses

**Seatbelt and Airbag Benefit**

Seatbelt Benefit Amount: 10% of the Covered Person's Principal Sum up to a Maximum Benefit of \$20,000

Airbag Benefit Amount: 10% of the Covered Person's Principal Sum up to a Maximum Benefit of \$20,000

**INITIAL PREMIUM RATES:**

\$7,821.00 per Annual Installment (multi-year term, only)

## DEFINITIONS

Please note, certain words used in this document have specific meanings. These terms will be capitalized throughout the document. The definition of any word, if not defined in the text where it is used, may be found either in this Definitions section or in the *Schedule of Benefits*.

**“Active Service”** means a Covered Person is either 1) actively at work performing all regular duties on a full-time basis either at his or her employer’s place of business or someplace the employer requires him or her to be; 2) employed, but on a scheduled holiday, vacation day, or period of approved paid leave of absence; or 3) if not employed, able to engage in substantially all of the usual activities of a person in good health of like age and sex and not confined in a Hospital or rehabilitation or rest facility.

**“Covered Accident”** means an accident that occurs while coverage is in force for a Covered Person and results directly and independently of all other causes in a loss or Injury covered by the Policy for which benefits are payable.

**“Covered Activity”** means any activity that the Policyholder requires the Covered Person to attend, or that is under its supervision and control listed in the *Schedule of Benefits* and insured under the Policy.

**“Covered Loss” or “Covered Losses”** means an accidental death, dismemberment, or other Injury covered under the Policy.

**“Covered Person”** means any eligible person, including Dependents if eligible for coverage under the Policy, for whom the required premium is paid. If the cost for this insurance is paid for by the Policyholder, individual applications are not required for an eligible person to be a Covered Person.

**“Doctor”** means a licensed health care provider acting within the scope of his or her license and rendering care or treatment to a Covered Person that is appropriate for the conditions and locality. It will not include a Covered Person or a member of the Covered Person’s Immediate Family or household.

**“Hospital”** means an institution that: 1) operates as a Hospital pursuant to law for the care, treatment, and providing of inpatient services for sick or injured persons; 2) provides 24-hour nursing service by Registered Nurses on duty or call; 3) has a staff of one or more licensed Doctors available at all times; 4) provides organized facilities for diagnosis, treatment, and surgery, either: (i) on its premises; or (ii) in facilities available to it, on a prearranged basis; 5) is not primarily a nursing care facility, rest home, convalescent home, or similar establishment, or any separate ward, wing, or section of a Hospital used as such; and 6) is not a place for drug addicts, alcoholics, or the aged.

**“Injury”** means accidental bodily harm sustained by a Covered Person that results directly and independently from all other causes from a Covered Accident. The Injury must be caused solely through external, violent, and accidental means. All injuries sustained by one person in any one Covered Accident, including all related conditions and recurrent symptoms of these injuries, are considered a single Injury.

**“Insured”** means a person in a Class of Eligible Persons for whom the required premium is paid making insurance in effect for that person.

**“Medical Emergency”** means a condition caused by an Injury or Sickness that manifests itself by symptoms of sufficient severity that a prudent lay person possessing an average knowledge of health and medicine would reasonably expect that failure to receive immediate medical attention would place the health of the person in serious jeopardy.

**“Medically Necessary”** means a treatment, service, or supply that is: 1) required to treat an Injury; 2) prescribed or ordered by a Doctor or furnished by a Hospital; 3) performed in the least costly setting required by the Covered Person’s condition; and 4) consistent with the medical and surgical practices prevailing in the area for treatment of the condition at the time rendered. Purchasing or renting 1) air conditioners; 2) air purifiers; 3) motorized transportation equipment; 4) escalators or elevators in private homes; 5) eye glass frames or lenses; 6) hearing aids; 7) swimming pools or supplies for them; and 8) general exercise equipment are not Medically Necessary. A service or supply may not be Medically Necessary if a less intensive or more appropriate diagnostic or treatment alternative could have been used. We may consider the cost of the alternative to be the Covered Expense.

**“Sickness”** means an illness, disease or condition of the Covered Person that causes a loss for which a Covered Person incurs medical expenses while covered under this Policy. All related conditions and recurrent symptoms of the same or similar condition will be considered one Sickness.

**“We,” “Our,” “Us”** means the insurance company underwriting this insurance or its authorized agent.

## **ELIGIBILITY FOR INSURANCE**

Each person in one of the Classes of Eligible Persons shown in the *Schedule of Benefits* is eligible to be insured on the Policy Effective Date, or the day he or she becomes eligible, if later. We maintain the right to investigate eligibility status and attendance records to verify eligibility requirements are met. If We discover the eligibility requirements are not met, Our only obligation is to refund any premium paid for that person.

## **EFFECTIVE DATE OF INSURANCE**

An Eligible Person will be insured on the later of Policy Effective Date or the date he or she is eligible, if not required to contribute to the cost of this insurance.

If an Eligible Person is not in Active Service on the date insurance would otherwise be effective, it will be effective on the date he or she returns to Active Service.

## **TERMINATION DATE OF INSURANCE**

An Insured's coverage will end on the earliest of the date:

1. the Policy terminates;
2. the Insured is no longer eligible; or
3. the period ends for which premium is paid.

## DESCRIPTION OF BENEFITS

The following Provisions explain the benefits available under the Policy. Please see the *Schedule of Benefits* for the applicability of these benefits on a class level.

### Accidental Death and Dismemberment Benefits

If Injury to the Covered Person results, within the Time Period for Loss shown in the *Schedule of Benefits*, in any one of the losses shown below, We will pay the Benefit Amount shown below for that loss. The Principal Sum is shown in the *Schedule of Benefits*. If multiple losses occur, only one Benefit Amount, the largest, will be paid for all losses due to the same Covered Accident.

Covered Loss	Schedule of Covered Losses	Benefit Amount
Life.....		100% of the Principal Sum
Two or more Members.....		100% of the Principal Sum
Quadriplegia.....		100% of the Principal Sum
One Member.....		50% of the Principal Sum
Hemiplegia.....		100% of the Principal Sum
Paraplegia.....		100% of the Principal Sum
Thumb and Index Finger of the Same Hand.....		25% of the Principal Sum
Uniplegia.....		25% of the Principal Sum

“Quadriplegia” means total Paralysis of both upper and lower limbs. “Hemiplegia” means total Paralysis of the upper and lower limbs on one side of the body. “Uniplegia” means total Paralysis of one lower limb or one upper limb. “Paraplegia” means total Paralysis of both lower limbs or both upper limbs. “Paralysis” means total loss of use. A Doctor must determine the loss of use to be complete and not reversible at the time the claim is submitted.

“Member” means Loss of Hand or Foot, Loss of Sight, Loss of Speech and Loss of Hearing. “Loss of Hand or Foot” means complete Severance through or above the wrist or ankle joint. “Loss of Sight” means the total, permanent Loss of Sight of one eye. “Loss of Speech” means total and permanent loss of audible communication that is irrecoverable by natural, surgical or artificial means. “Loss of Hearing” means total and permanent Loss of Hearing in both ears that is irrecoverable and cannot be corrected by any means. “Loss of a Thumb and Index Finger of the Same Hand” means complete Severance through or above the metacarpophalangeal joints of the same hand (the joints between the fingers and the hand). “Severance” means the complete separation and dismemberment of the part from the body.

### Bereavement and Trauma Counseling Benefit

We will pay counseling sessions, up to the Benefit Maximum shown in the *Schedule of Benefits*, subject to the following conditions, when the Covered Person and/or Immediate Family Member requires bereavement and trauma counseling because the Covered Person suffered a Covered Loss that resulted directly and independently of all other causes from a Covered Accident. Such counseling must meet all of the following conditions:

1. covered bereavement and trauma counseling expenses must be incurred within one year from the date of the Covered Accident causing the Covered Loss;

2. the expense is charged for a bereavement or trauma counseling session for the Covered Person and/or one or more of his or her Immediate Family Members;
3. counseling is provided under the care, supervision or order of a Doctor; and
4. a charge would have been made if no insurance existed.

"Immediate Family Member" means a person who is related to the Covered Person in any of the following ways: spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, father-in-law, parent (includes stepparent), brother or sister (includes stepbrother or stepsister) or child (includes legally adopted child or stepchild), grandchild and grandparent.

Covered bereavement and trauma counseling benefits do not include any expense for which the Covered Person is entitled to benefits under any Workers' Compensation Act or similar law.

### **Carjacking Benefit**

We will pay the benefit shown in the *Schedule of Benefits*, if the Covered Person suffers a Covered Loss resulting directly and independently of all other causes from a Covered Accident that occurs during a Carjacking of an Automobile that the Covered Person was operating, getting into or out of, or riding in as a passenger. Verification of the Carjacking must be made part of an official police report within 24 hours of the Carjacking, or as soon as reasonably possible, or be certified in writing by the investigating officer(s) within 24 hours of the Carjacking, or as soon as reasonably possible.

"Carjacking" means a person other than the Covered Person taking unlawful possession of an Automobile by means of force or threats against the person(s) then rightfully occupying such Automobile.

"Automobile" means a self-propelled private passenger motor vehicle with four or more wheels that is of a type both designed and required to be licensed for use on highways of any state or country. Automobile includes, but is not limited to, a sedan, station wagon, sport utility vehicle, and a motor vehicle of the pickup, panel, van, camper or motor home type. Automobile does not include a mobile home or any motor vehicle that is used in mass or public transit.

### **Coma Benefit**

We will pay the Coma Benefit shown in the *Schedule of Benefits* if a Covered Person becomes Comatose within 31 days of a Covered Accident and remains in a Coma for at least 31 days.

We reserve the right, at the end of the first 31 days of Coma, to require proof that the Covered Person remains Comatose. This proof may include, but is not limited to, requiring an independent medical examination at Our expense.

We will pay this benefit in periodic payments and a lump sum as shown in the *Schedule of Benefits*. Periodic payments will end on the first of the following dates:

1. the end of the month in which the Covered Person dies;
2. the end of the 11th month for which this benefit is payable;
3. the end of the month in which the Insured recovers from the Coma.

A person is deemed "Comatose" or in a "Coma" if he or she is in a profound stupor or state of complete and total unconsciousness, as the result of a Covered Accident.

## **Emergency Medical Benefits**

We will pay Emergency Medical Benefits as shown in the Schedule of Benefits for Covered Expenses incurred for emergency medical services to treat a Covered Person. Benefits are payable up to the Maximum Benefit shown in the Schedule of Benefits if the Covered Person:

1. suffers a Medical Emergency during the course of the Trip; and
2. is traveling 100 miles or more away from his or her place of permanent residence.

### **Covered Expenses:**

1. **Medical Expense Guarantee:** expenses for guarantee of payment to a medical provider.
2. **Hospital Admission Guarantee:** expenses for guarantee of payment to a Hospital or treatment facility.

Benefits for these Covered Expenses will not be payable unless:

1. the charges incurred are Medically Necessary and do not exceed the charges for similar treatment, services or supplies in the locality where the expense is incurred; and
2. do not include charges that would not have been made if there were no insurance.

Benefits will not be payable unless We (or Our authorized assistance provider) authorize in writing, or by an authorized electronic or telephonic means, all expenses in advance, and services are rendered by Our assistance provider.

## **Emergency Medical Evacuation Benefit**

We will pay Emergency Medical Evacuation Benefits as shown in the Schedule of Benefits for Covered Expenses incurred for the medical evacuation of a Covered Person. Benefits are payable up to the Benefit Maximum shown in the Schedule of Benefits if the Covered Person:

1. suffers a Medical Emergency during the course of the Trip;
2. requires Emergency Medical Evacuation; and
3. is traveling 100 miles or more away from his or her place of permanent residence.

### **Covered Expenses:**

1. **Medical Transport:** expenses for transportation under medical supervision to a different hospital, treatment facility or to the Covered Person's place of residence for Medically Necessary treatment in the event of the Covered Person's Medical Emergency and upon the request of the Doctor designated by Our assistance provider in consultation with the local attending Doctor.
2. **Dispatch of a Doctor or Specialist:** the Doctor's or specialist's travel expenses and the medical services provided on location, if, based on the information available, a Covered Person's condition cannot be adequately assessed to evaluate the need for transport or evacuation and a doctor or specialist is dispatched by Our service provider to the Covered Person's location to make the assessment.
3. **Return of Dependent Child(ren):** expenses to return each Dependent child who is under age 18 to his or her principal residence if a) the Covered Person is age 18 or older; and b) the Covered Person is the only person traveling with the minor Dependent child(ren); and c) the Covered Person suffers a Medical Emergency and must be confined in a Hospital.
4. **Escort Services:** expenses for an Immediate Family Member or companion who is traveling with the Covered Person to join the Covered Person during the Covered Person's emergency medical evacuation to a different hospital, treatment facility or the Covered Person's place of residence.

Benefits for these Covered Expenses will not be payable unless:

1. the Doctor ordering the Emergency Medical Evacuation certifies the severity of the Covered Person's Medical Emergency requires an Emergency Medical Evacuation;
2. all transportation arrangements made for the Emergency Medical Evacuation are by the most direct and economical conveyance and route possible;
3. the charges incurred are Medically Necessary and do not exceed the charges for similar transportation, treatment, services or supplies in the locality where the expense is incurred; and
4. do not include charges that would not have been made if there were no insurance.

Benefits will not be payable unless We (or Our authorized assistance provider) authorize in writing, or by an authorized electronic or telephonic means, all expenses in advance, and services are rendered by Our assistance provider. In the event the Covered Person refuses to be medically evacuated, we will not be liable for any medical expenses incurred after the date medical evacuation is recommended.

### **Home Alteration and Vehicle Modification Benefit**

We will pay benefits shown in the *Schedule of Benefits*, subject to the following conditions, when the Covered Person suffers a Covered Loss, other than a Loss of Life, resulting directly and independently of all other causes from a Covered Accident.

This benefit will be payable if all of the following conditions are met:

1. prior to the date of the Covered Accident causing such Covered Loss, the Covered Person did not require the use of any adaptive devices or adaptation of residence and/or vehicle;
2. as a direct result of such Covered Loss, the Covered Person now requires such adaptive devices or adaptation of residence and/or vehicle to maintain an independent lifestyle;
3. the Covered Person requires home alteration or vehicle modification within one year of the date of the Covered Accident.

### **Repatriation of Remains Benefit**

We will pay Repatriation of Remains Benefits as shown in the Schedule of Benefits for preparation and return of a Covered Person's body to his or her home if he or she dies as a result of a Medical Emergency while traveling 100 miles or more away from his or her place of permanent residence. Covered expenses include:

1. expenses for embalming or cremation;
2. the least costly coffin or receptacle adequate for transporting the remains;
3. transporting the remains.
4. Escort Services: expenses for an Immediate Family Member or companion who is traveling with the Covered Person to join the Covered Person's body during the repatriation to the Covered Person's place of residence.

All transportation arrangements must be made by the most direct and economical route and conveyance possible and may not exceed the Covered Expenses for similar transportation in the locality where the expense is incurred.

Benefits will not be payable unless We (or Our authorized assistance provider) authorize in writing, or by an authorized electronic or telephonic means, all expenses in advance, and services are rendered by Our assistance provider.

### **Seatbelt and Airbag Benefit**

We will pay benefits shown in the *Schedule of Benefits*, subject to the conditions described below, when a Covered Person dies or is dismembered directly and independently from Injuries sustained while wearing a seatbelt and operating or riding as a passenger in an Automobile. An additional benefit is provided, if the Covered Person was also positioned in a seat protected by a properly functioning and properly deployed Supplemental Restraint System (Airbag).

Verification of proper use of the seatbelt at the time of the Covered Accident and that the Supplemental Restraint System properly inflated upon impact must be a part of an official police report of the Covered Accident or be certified, in writing, by the investigating officer(s) and submitted with the Covered Person's claim to Us.

If such certification or police report is not available or it is unclear whether the Covered Person was wearing a seatbelt or positioned in a seat protected by a properly functioning and properly deployed Supplemental Restraint System, We will pay a default benefit shown in the *Schedule of Benefits* to the Covered Person's beneficiary.

"Supplemental Restraint System" means an airbag that inflates upon impact for added protection to the head and chest areas.

"Automobile" means a self-propelled, private passenger motor vehicle with four or more wheels that is a type both designed and required to be licensed for use on the highway of any state or country. Automobile includes, but is not limited to, a sedan, station wagon, sport utility vehicle, or a motor vehicle of the pickup, van, camper, or motor home type. Automobile does not include a mobile home or any motor vehicle that is used in mass or public transit.

### **HAZARDS INSURED AGAINST**

We will pay benefits described in this Policy when a Covered Person suffers a loss or Injury as a result of a Covered Accident during one of the Covered Activities listed in the *Schedule of Benefits*. We will only pay benefits if the Insured is engaged in one of the hazards described below when the Covered Accident occurs. Unless otherwise specified, We pay benefits only once for any one Covered Accident, even if it is covered by more than one hazard.

#### **Business Travel**

The Covered Accident must take place while traveling:

1. on business for the Policyholder; and
2. in the course of the Policyholder's business.

This coverage does not include commuting between home and the place of work.

This coverage will start at the actual start of the trip. It does not matter whether the trip starts at the Covered Person's home, place of work, or other place. It will end on the first of the following dates to occur:

1. the date a Covered Person returns to his or her home;
2. the date a Covered Person returns to his or her place of work; or
3. the date a Covered Person's Personal Deviation is more than 5 day(s).

"Personal Deviation" means:

1. an activity that is not reasonably related to the Policyholder's business; and
2. not incidental to the purpose of the trip.

### **Commuting**

The Covered Accident must take place while the Insured is commuting between his or her home and the Policyholder's premises where he or she normally works.

Benefits will not be payable for Covered Accidents that occur more than four hours after the Insured leaves his or her home or place of employment, unless it can be conclusively established that:

1. the delay was caused by conditions beyond the Insured's control; or
2. more time was needed for normal direct commuting.

### **EXCLUSIONS**

We will not pay benefits for any loss or Injury that is caused by, or results from:

- intentionally self-inflicted Injury.
- suicide or attempted suicide.
- war or any act of war, whether declared or not.
- a Covered Accident that occurs while on active duty service in the military, naval force, or air force of any country or international organization. Upon Our receipt of proof of service, We will refund any premium paid for this time. Reserve or National Guard active duty training is not excluded unless it extends beyond 31 days.
- sickness, disease, bodily or mental infirmity, bacterial or viral infection, or medical or surgical treatment thereof, except for any bacterial infection resulting from an accidental external cut or wound or accidental ingestion of contaminated food.
- piloting or serving as a crewmember in any aircraft (except as provided by the Policy).
- commission of, or attempt to commit, a felony.
- the Covered Person being legally intoxicated as determined according to the laws of the jurisdiction in which the Injury occurred.
- Injury or loss contributed to the use of any drug or narcotic, except as prescribed by a Doctor.

This insurance does not apply to the extent that trade or economic sanctions or regulations prohibit Us from providing insurance, including, but not limited to, the payment of claims.

### **CLAIM PROVISIONS**

**Notice Of Claim:** A claimant must give Us or Our authorized representative written (or authorized electronic or telephonic) notice of claim within 90 days after any loss covered by the Policy occurs. If notice cannot be given within that time, it must be given as soon as reasonably possible. This notice should identify the Covered Person and the Policy Number.

**Claim Forms:** Upon receiving written notice of claim, We will send claim forms to the claimant within 15 days. If We do not furnish such claim forms, the claimant will satisfy the requirements of written proof of loss by sending the written (or authorized electronic or telephonic) proof as shown below. The proof must describe the occurrence, extent and nature of the loss.

**Proof Of Loss:** Written (or authorized electronic or telephonic) proof of loss must be sent to the agent authorized to receive it. Written (or authorized electronic or telephonic) proof must be given within 90 days after the date of loss. If it cannot be provided within that time, it should be sent as soon as reasonably possible. In no event, except in the absence of legal capacity, should proof of loss be sent later than one year from the time proof is otherwise required.

**Claimant Cooperation Provision:** Failure of a claimant to cooperate with Us in the administration of a claim may result in the termination of a claim. Such cooperation includes, but is not limited to, providing any information or documents needed to determine whether benefits are payable or the actual benefit amount due.

**Time Payment Of Claims:** Any benefits due will be paid when We receive written (or authorized electronic or telephonic) proof of loss.

**Payment Of Claims:** If the Insured dies, any death benefits or other benefits unpaid at the time of the Insured's death will be paid to the beneficiary our records indicate the Insured designated for these plan benefits.

If there is no named beneficiary or surviving beneficiary on record with Us or Our authorized agent, We pay benefits in equal shares to the first surviving class of the following: 1) Spouse; 2) Children; 3) Parents; 4) Brothers and sisters. If there are no survivors in any of these classes, We will pay the Insured's estate.

All other benefits will be paid to the Insured. If the Insured is: (1) a minor; or (2) in Our opinion unable to give a valid release because of incompetence, We may pay any amount due to a parent, guardian, or other person actually supporting him or her. Any payment made in good faith will end Our liability to the extent of the payment.

**Beneficiary:** The Insured may designate a beneficiary. The Insured has the right to change the beneficiary at any time by written (or electronic and telephonic) notice. If the Insured is a minor, his or her parent or guardian may exercise this right for him or her. The change will be effective when We or Our authorized agent receive it. When received, the effective date is the date the notice was signed. We are not liable for any payments made before the change was received. We cannot attest to the validity of a change.

**Assignment:** At the request of the Insured or his or her parent or guardian, if the Insured is a minor, medical benefits may be paid to the provider of service. Any payment made in good faith will end our liability to the extent of the payment.

**Physical Examinations And Autopsy:** We have the right to have a Doctor of Our choice examine the Covered Person as often as is reasonably necessary. This section applies when a claim is pending or while benefits are being paid. We also have the right to request an autopsy in the case of death, unless the law forbids it. We will pay the cost of the examination or autopsy.

**Legal Actions:** No lawsuit or action in equity can be brought to recover on this Policy: (1) before 60 days following the date proof of loss was given to Us; or (2) after 3 years following the date proof of loss is required.

## ADMINISTRATIVE PROVISIONS

**Premiums:** The premiums for this Policy will be based on the rates currently in force, the plan, and amount of insurance in effect.

**Changes In Premium Rates:** No change in rates will be made until 12 months after the Policy Effective Date. An increase in rates will not be made more often than once in a 12-month period. However, We reserve the right to change rates at any time if any of the following events take place.

1. The terms of the Policy change.
2. A division, subsidiary, affiliated organization, or eligible class is added or deleted from the Policy.
3. Any federal or state law or regulation is amended to the extent it affects Our benefit obligation.

If an increase or decrease in rates takes place on a date that is not a Premium Due Date, a pro rata adjustment will apply from the date of the change to the next Premium Due Date.

**Payment of Premium:** The first Premium is due on the Policy Effective Date. If any premium is not paid when due, the Policy will be canceled as of the Premium Due Date, except as provided in the Policy Grace Period section.

**Policy Grace Period:** A Policy Grace Period of 31 days will be granted for the payment of the required premiums. The Policy will remain in force during the Grace Period. If the required premiums are not paid during the Policy Grace Period, insurance will end on the last Premium Due Date on which required premiums were paid. The Policyholder will be liable to Us for any unpaid premium for the time the Policy was in force.

**Schedule of Affiliates:** Eligible Persons employed by any affiliate or subsidiary corporation of the Policyholder as of the Policy Effective Date are covered under the Policy. Their coverage will begin and end in accordance with the Effective Date of Insurance and Termination Date of Insurance provisions in the Policy. A list of these affiliates and subsidiaries must be kept on file with the Company.

**Newly Acquired Organizations:** The premium shown on the *Schedule of Benefits* applies only to the Policyholder and any affiliates or subsidiary corporations covered on the Policy Effective Date. However, eligible employees of organizations acquired by the Policyholder during the Policy Term may be covered based on the following terms. The Policyholder must: (1) report to Us within 60 days of the acquisition the name of the newly acquired organization and any underwriting information we may need to calculate the premium; and (2) the required additional premium, if any, must be paid.

## GENERAL PROVISIONS

**Entire Contract; Changes:** The Policy (including any endorsements or amendments), the signed application of the Policyholder, and any individual applications of Covered Persons, are the entire contract. Any statements made by the Policyholder or Covered Persons will be treated as representations and not warranties. No such statement shall void the insurance, reduce the benefits, or be used in defense of a claim for loss incurred unless it is contained in a written application.

To be valid, any change or waiver must be in writing (or authorized electronic or telephonic communications). It must be signed by our president or secretary and be attached to the Policy. No agent has authority to change or waive any part of the Policy.

**Policy Effective Date And Termination Date:** The Policy begins on the Policy Effective Date shown on page 1 of the Policy. We may terminate this Policy by giving 31 days advance notice in writing (or authorized electronic or telephonic means) to the Policyholder. The Policyholder may terminate this Policy on any Premium Due Date by giving 31 days advance written (or authorized electronic or telephonic) notice to Us. This Policy terminates automatically on the earlier of: 1) the last day of the Policy Term; or 2) the Premium Due Date if Premiums are not paid when due. Termination takes effect at 12:00 a.m. (midnight) at the Policyholder's address on the date of termination.

**Clerical Error:** If a clerical error is made, it will not affect the insurance of any Covered Person. No error will continue the insurance of a Covered Person beyond the date it should end under the Policy terms.

**Examination Of Records And Audit:** We shall be permitted to examine and audit the Policyholder's books and records at any time during the term of the Policy and within 2 years after the final termination of the Policy as they relate to the premiums or subject matter of this insurance.

**Certificates Of Insurance:** Where it is required by law, or upon the request of the Policyholder, We will make available certificates outlining the insurance coverage and to whom benefits are payable under the Policy.

**Conformity With State Laws:** On the effective date of this Policy, any provision that is in conflict with the laws in the state where it is issued is amended to conform to the minimum requirements of such laws.

**Not In Lieu Of Workers' Compensation:** This Policy is not a workers' compensation policy. It does not provide workers' compensation benefits.



ACE American Insurance Company  
 (A Stock Company)  
 Philadelphia, Pennsylvania 19106  
 (Herein called We, Us, Our)

## Kidnap and Extortion Expense Benefit Rider

This Rider form is made a part of the Policy to which it is attached as of the Effective Date shown above. If no Effective Date is shown, this Rider takes effect as of the Policy Effective Date. This form is subject to all of the terms, limitations, and exclusions of the Policy, except as they are changed by it.

### KIDNAP AND EXTORTION EXPENSE BENEFIT

#### SCHEDULE OF BENEFITS

**Aggregate Limit for All Covered Losses**

Benefit Maximum: \$50,000 per Incident

**Each Incident**

**Extortion/Ransom Money Payment Benefit**

Benefit Maximum per Covered Person: \$50,000

**In-Transit Extortion or Ransom Money Loss Benefit**

Benefit Maximum per Covered Person: \$50,000

**Expenses Benefit**

Benefit Maximum per Covered Person: \$50,000

**Incident Response Benefit**

100% of Covered Expenses

**Legal Costs Benefit**

Benefit Maximum per Covered Person: \$50,000

#### COVERED EVENTS

Coverage is provided under this Rider for one or more of the Covered Losses identified below arising solely and directly from the following specific Covered Events that commence during the Policy Period:

1. Kidnap
2. Extortion

## DESCRIPTION OF BENEFITS

We will pay the following benefits if a Covered Person is a victim of a Kidnap or Extortion. The Covered Person's coverage must be in effect at the time the incident occurs.

### **Extortion/Ransom Money Payment Benefit**

We will reimburse the Kidnap/Ransom Money paid by the Policyholder or a Covered Person resulting directly from the following Covered Events:

1. a Kidnap or alleged Kidnap; and
2. Extortion upon a Covered Person.

### **In-Transit Extortion/Ransom Money Loss Benefit**

We will reimburse the In-Transit Extortion/Ransom Money Loss Benefit for a loss due to confiscation, destruction, disappearance, seizure or usurpation of Extortion/Ransom Money resulting from a covered Kidnap or Extortion of the Covered Person.

### **Expense Benefit**

We will reimburse Covered Expenses incurred resulting directly from a Kidnap or Extortion of the Covered Person.

### **Incident Response Benefit**

We will reimburse the:

1. reasonable and customary fees and expenses of Our approved security consultant or of other independent security consultants retained by the Policyholder for the exclusive function of responding to a Covered Event, provided that We have given our prior consent to the use of such other independent security consultant(s); and
2. any other reasonable and customary fees and expenses of other specialist consultants retained by the Policyholder for the exclusive function of responding to a Covered Event, including but not limited to, public relations consultants or private investigation consultants, provided We have given our prior consent to the use of such specialist consultant.

### **Legal Costs Benefit**

We will reimburse the amount paid for any Suit brought against a Covered Person directly as a result of a Kidnap or Extortion, for:

1. the sums that a Covered Person becomes legally obligated to pay as damages as a result of a judgment or settlement approved by Us for a Suit;
2. all reasonable and customary expenses incurred by the Covered Person in defense of such Suit; and
3. all costs levied against the Covered Person in the Suit.

## DEFINITIONS

**“Covered Expenses”** means:

With regard to a Covered Event, We will pay benefits for:

1. the reasonable payment made by a Covered Person to an Informant who provides information which contributes to the resolution of the Covered Event; and
2. the reasonable and customary loan costs incurred by a Covered Person from a financial institution for obtaining money to be used for Extortion/Ransom Money payment; and
3. the reasonable and customary travel and accommodation costs incurred by the Covered Person as a result of a Covered Event as follows:
  - a. directly related to the resolution of a Covered Event;
  - b. for a Covered Person who is the victim of a Kidnap, to join his/her immediate family upon his/her release, and the travel accommodation costs, including lodging and meals, of a newly hired individual to replace the Covered Person who is a victim of a Kidnap. These costs will apply only once per Covered Person and replacement person(s); and/or
  - c. to evacuate, a Covered Person and/or his or her spouse and/or children living in the same household as the Covered Person who is the victim of a Kidnap, Hijack or Wrongful Detention; and
4. Employee Compensation paid by the Policyholder to the Covered Person or on behalf of the Covered Person:
  - a. up to thirty (30) days after the release of the Covered Person from a Kidnap; or
  - b. up to discovery of the death of the Covered Person; or
  - c. up to one hundred twenty (120) days after we receive the last reasonably credible evidence that the Covered Person is still alive; or
  - d. up to sixty (60) months after the date of the Kidnap, a victim has not been released.
5. the Personal Financial Loss suffered by Covered Person; and
6. the reasonable and customary fees expenses of a qualified interpreter retained directly to assist the Covered Person as a result of a Covered Event; and
7. reasonable and necessary expenses of independent forensic analysts engaged by the Policyholder; and
8. increased costs of security resulting directly from Kidnap or Extortion threats including, but not limited to, hiring of security guards, hiring of armored vehicles and overtime pay to existing security staff, for a period of up to ninety (90) consecutive days, provided that Our approved security consultant or other independent security consultant has specifically recommended such security measures; and
9. job retraining costs for a Kidnap including, but not limited to, the salary of the Kidnap victim while being retrained, and costs of external training courses; and
10. reasonable rest and recovery expenses, including travel, lodging, meals and recreation, for a Covered Person who is a victim of a Kidnap, with his/her spouse and/or children, for a period not exceeding thirty (30) consecutive days, and incurred by the Policyholder within six (6) months following the conclusion of the Covered Event; provided, however, that we will pay no more than the Benefit Maximum shown in the *Schedule of Benefits* for all victims and family members for any one Covered Event; and

11. other reasonable and customary expenses incurred by the Policyholder directly related to negotiating the release of a Covered Person.

**“Extortion”** means a threat or series of threats to Kidnap, cause bodily Injury, Property Damage, Product Adulteration, or disclose the Covered Person’s Proprietary Information, including any personal, private, or confidential information about the Policyholder or the Covered Person for the purpose of demanding Extortion/Ransom Money as a condition not to carry out such threat.

**“Extortion/Ransom Money”** means a consideration paid for the return of a Kidnap victim or consideration paid to terminate or end an Extortion to a person(s) believed to be responsible for the Kidnap or Extortion and includes, but is not limited to, cash, securities, marketable goods or services, property, or monetary instruments.

**“Informant”** means any person, other than the Covered Person, providing information not otherwise obtainable, solely in return for compensation

**“Kidnap”** means the illegal abduction and holding hostage of one or more Covered Person(s) for the purpose of demanding Extortion/Ransom Money as a condition of release. A Kidnap in which more than one Covered Person is abducted will be considered a single Kidnap.

**“Personal Financial Loss”** means the financial loss suffered by the Covered Person solely and directly as the result of the physical inability of a Covered Person to attend to personal financial matters while a victim, and as a direct result, of a Covered Event..

**“Product Adulteration”** means the intentional act of contaminating, polluting, or rendering harmful or unfit for their intended use, products or goods manufactured, handled or distributed by the Policyholder, or publicity implying or stating the same.

**“Property”** means any building and contents or equipment (fixed or mobile) owned or leased by the Policyholder as a place to conduct business or a residence occupied by any director officer or employee and for which the Policyholder or the Covered Person is legally liable.

**“Property Damage”** means physical loss of or damage to Property or electronic data, including the corruption or modification of data or denial of access to computer or network services.

**“Proprietary Information”** means any information which the Covered Person maintains as a trade secret and includes methods, processes, devices and techniques particular to the conduct of his or her business.

**“Suit”** means a civil lawsuit or arbitration arising from a Covered Event, provided that such proceeding is brought within twelve (12) months after the release or death of a kidnapped or detained Covered Person or the last reasonably credible Extortion threat occurring during the Policy Period, but in no event longer than sixty (60) months after the inception of the Kidnap, Extortion or Wrongful Detention.

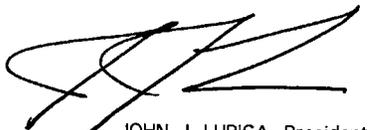
## EXCLUSIONS AND LIMITATIONS

We will not pay Kidnap and Ransom Benefits for:

1. Any loss caused by fraudulent, illegal or dishonest act committed by the Policyholder, a Covered Person or any other person acting at the direction or authorization of the Policyholder or a Covered Person.
2. Any loss resulting from the surrender of money or Property as the result of a face to face encounter involving the use or threat of force or violence, unless surrendered by a person in possession of such money at the time of such surrender for the sole purpose of conveying it to pay an Extortion or demand for Extortion/Ransom Money previously communicated to the Policyholder or to the Covered Person.
3. Money or property surrendered on the Property unless brought onto the Property after receipt of the Extortion, or demand for Extortion/Ransom Money, for the purpose of paying such demand.
4. Any loss that occurs in any of the following countries: Afghanistan, Algeria, Angola, Brazil, Chad, Chechnya, Colombia, Cuba, Georgia, Haiti, Indonesia, Iran, Iraq, North Korea, Liberia, Libya, Mexico, Nepal, Nigeria, Pakistan, Peru, Philippines, Saudi Arabia, Sri Lanka, East Timor, Russia, Sierra Leone, Somalia, Sudan, Syria, Trinidad, Tobago, Venezuela, Yemen and Zimbabwe.

Additional Exclusions that apply to this benefit are shown in the Exclusions section of the Policy.

Signed for ACE American Insurance Company in Philadelphia, Pennsylvania.



JOHN J. LUPICA, President



CARMINE A. GIGANTI, Secretary

#46, #47, #48



**Chandler - Arizona**  
*Where Values Make The Difference*



**MEMORANDUM**

**DATE:** September 22, 2011

**TO:** Mayor and Council

**THRU:** Rich Dlugas, City Manager *RD*  
Debra Stapleton, Director of Human Resources Division *CHAS*

**FROM:** Valerie F. Hernandez, Benefit Programs Supervisor *VFH*

**SUBJECT:** Recommendation for Approval of 2012 Employee Benefits Program & Benefits Contribution Strategy

RECOMMENDATION: Amend Agreements with current providers to include surviving spouse and dependents' insurance coverage eligibility provisions for medical, dental and vision coverage in accordance with Resolution No. 4529 authorizing City staff to provide survivor health care benefits. Award contracts for group life and accidental death & dismemberment insurance and for group travel accident insurance as needed for implementation of and approval of the City of Chandler's 2012 Employee Benefits Program. Approve 2012 benefit contribution strategy of 82/18 of which the City pays the greater portion of the subsidized premium to be paid to the Health Care Benefits Trust Fund.

BACKGROUND: City staff reviews the employee benefits package each year with the assistance of an employee benefits consulting firm. Pending Mayor and Council approval, the City's 2012 Employee Benefits Program will consist of the following: healthcare, dental care, group life and accidental death & dismemberment insurance, voluntary term life insurance, group travel accident insurance, short and long term disability, cancer insurance for fire fighters and police officers, deferred compensation, retiree health savings plan, retirement, employee assistance plan, vision, flexible spending account, a legal plan, group auto and homeowners insurance, a pet insurance plan, and short term disability supplemental insurance.

We reviewed the benefit plan in partnership with our benefit consultants and members of the City's Healthcare Task Force. After considerable review and analysis it was recommended that pharmacy co-pays for glucose meter, insulin, lancets and test strips would be waived with the employee's commitment to monthly participation with a Health Coach. Impact on the plan will be evaluated on a monthly basis in order to assess return on investment. In addition, an expanded maternity care program is being offered which provides for preconception and maternity education, support and post-delivery follow-up and if enrolled by 16<sup>th</sup> week, mom receives a \$100 gift card to Babies "R" Us, all the while with continuing to provide national in-network coverage and no additional increase in co-pays.

- Delta Dental Plan: Provides dental coverage. We were able to negotiate a third cleaning benefit for members diagnosed with specified medical conditions with no additional costs passed on to employees for a second year in a row while still providing employees with access to Delta Dental's Preferred Provider Network. Dentists participating in Delta Dental's Preferred Provider Network have agreed to a lower contracted amount which in turn passes on savings to the employee for contracted services are typically 10% to 20% lower than a regular network Delta Dental Provider.
- ING: Provides basic life and accidental death and dismemberment insurance and optional life insurance for spouses and children of employee to benefit eligible classes. In addition to basic services ING will provided our employees and/or their beneficiaries in the event of a death funeral planning and concierge Services and 24/7 access to highly-trained advisors and online support for all stages of the funeral planning process. For example online planning tools to include price finder reports that compare local funeral home prices nationwide will now be available to all employees at no additional costs.
- VSP: Provides vision services. Two added value benefits were negotiated and participants will receive an increase in allowance for contact lenses from \$105.00 to \$130.00 and allowance for eye glass frames from \$120.00 to \$130.00 with no increase in premium and/or administrative fees.

Amendments to the Agreements with Anthem Life Insurance Company, APS Healthcare Southwest, Inc., Blue Cross Blue Shield of Arizona, Delta Dental, PayFlex Systems USA, Inc., VSP, and approval of the agreement with Liberty Mutual Insurance Company, are required for extensions. New plan agreements have been drafted for ACE American Insurance Company, and ING. Agreements with other providers do not require amendments for 2012.

City Staff recommends the benefits carriers/administrators for calendar year 2012 as outlined in the following:

<u>COVERAGE</u>	<u>PROVIDER</u>	<u>PAID BY</u>
1. Business Travel & Commuter Accident Insurance	ACE American Insurance Company	City

2. Long Term Disability for Public Safety Personnel	Anthem Life Insurance Company	City
3. Employee Assistance Plan	APS Healthcare	City
4. Flexible Spending Accounts	PayFlex Systems USA, Inc.	City
5. Group Life Insurance and Accidental Death & Dismemberment	ING	City
6. Dental Care Claims Administration	Delta Dental Plan	City/Employee
7. Deferred Compensation	ICMA - RC	City/Employee
8. Retirement Health Saving Plan	ICMA – RC	City/Employee
9. Vision Care	Vision Service Plan	Employee
10. Pre-Paid Legal Services	Pre-Paid Legal Services, Inc.	Employee
11. Home and Auto Insurance	Liberty Mutual	Employee
12. Pet Insurance	VPI	Employee
13. Short Term Disability Supplemental Insurance	Colonial Life	Employee
14. Voluntary Term Life Insurance	ING	Employee

The following employee benefit programs are statutorily required or self-administered by the City.

<u>COVERAGE</u>	<u>PROVIDER</u>	<u>PAID BY</u>
• Short Term Disability	City of Chandler Human Resources	City
• Cancer Insurance – Fire Fighters and Police Officers	Public Safety Retirement System	City
• Retirement Plan – Civilian	Arizona State Retirement System	City/Employee
• Retirement Plan – Public Safety	Public Safety Retirement System	City/Employee
• Retirement Plan – Elected Officials	Elected Officials Retirement Plan	City/Employee

- Long Term Disability – Civilian                      Arizona Sate Retirement System                      City/Employee

PROPOSED MOTION: Move to approve and authorize the Mayor to execute the following professional services agreements:

1. Professional Services Agreement between the City of Chandler a Municipal Corporation of the State of Arizona and ACE American Insurance Company, a Pennsylvania Corporation, for Business Travel Accident and Commuting Insurance.
2. Memorandum of Agreement between the City of Chandler and ReliaStar Life Insurance Company d/b/a ING Benefits for group life insurance.

In closing, I am pleased to inform Mayor and Council that the City's employee benefit guide was submitted by Buck Consultants to the International Association of Business Communications (IABC) and we were recently notified by IABC of Pacific Plains Region that "Team Chandler 2011 Benefit Guide" has earned an "Award of Merit" in the 2011 Silver Quill Awards competition. The Silver Quill competition invites participation from communicators throughout the Pacific Plains Region, which encompasses 19 states from Wisconsin to Hawaii, and Arizona to North Dakota. Evaluation of the 2011 Silver Quill Award entries was completed by an expert panel of experienced judges from IABC Houston, many of whom are Accredited Business Communicators (ABCs) or IABC members who had previously earned IABC Quill awards. The judging process sets a very high standard for entrants by using guidelines from the IABC Gold Quill Awards, an international recognition program for communicators.

The Amendments are available for review at the City Clerk's Office.



**Chandler • Arizona**  
*Where Values Make The Difference*



**DATE:** September 15, 2011

**TO:** Mayor and Council

**FROM:** City Clerk's Office

**CC:** Rich Dlugas, City Manager

**SUBJECT:** Item No. 47

The Agreement with the ACE American Insurance Company for business travel accident and commuting insurance shall be available by Thursday, September 22, 2011.

**MEMORANDUM OF AGREEMENT  
BETWEEN THE CITY OF CHANDLER AND  
RELIASTAR LIFE INSURANCE COMPANY d/b/a ING EMPLOYEE BENEFITS**

PROPOSAL NO.: HR1 953 2988

SUBJECT MATTER: Life Insurance and Accidental Death and Dismemberment Insurance ("AD&D")

OPENING DATE & TIME: May 17, 2011, 4:00 p.m., Local Arizona Time

This Agreement made and entered into between the City of Chandler, Arizona, a municipal corporation, hereinafter called the "City", and Reliastar Life Insurance Company, a Minnesota corporation, doing business as ING Employee Benefits, hereinafter called the "Contractor".

**WITNESSETH:**

THAT, WHEREAS, the Mayor and City Council/City Manager of the City are authorized and empowered by the provisions of the City Charter to execute contracts for professional services.

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions hereinafter contained, it is agreed by and between the City and the Contractor as follows:

**SECTION I – DESCRIPTION OF PROJECT**

A. Under this Agreement, Contractor shall:

1. Provide life insurance ("Basic Life") and Accidental Death and Dismemberment ("AD&D") Insurance to benefit eligible employees of the City;
2. Provide life insurance ("Basic Life") to retirees of the City;
3. Provide optional employee supplemental life insurance to benefit eligible classes;
4. Provide optional life insurance for spouses and children of employees to benefit eligible classes;
5. Provide continuing life insurance coverage for those members covered under the Plan and not actively-at-work as stipulated in the eligibility guidelines maintained in the City's Department of Human Resources' current policies and practices;
6. In the event that a City employee is married to another City employee, and both are benefit eligible, Contractor shall provide Basic Life insurance and AD&D insurance to each of these employees, in addition to allowing such employees the opportunity to cover their spouse as a dependent under the optional dependent life insurance benefit; and
7. Provide benefit enhancements described as the Everest Funeral Planning and Concierge Services and the ING Travel Assistance programs.

B. Contractor shall pay benefits to all individuals covered under the plan up to the stated policy limits indicated in the Plan Documents, Summary Plan Description, or Insured Certificate effective on January 1, 2012 at 12:01 a.m.

C. The initial term of the Agreement shall be from January 1, 2012 ("Effective Date") through December 31, 2014. The Agreement shall continue through the initial term and may be renewed by two subsequent one-year terms. City, at its option, may terminate the Agreement at any time, upon thirty days' notice. City shall provide notice to Contractor of City's desire to either renew or not renew this Agreement no later than thirty (30) days prior to the end of the initial term and each subsequent term.

D. The Agreement shall not include employee and dependent voluntary AD&D insurance and shall not include administrative services for short-term disability ("STD") income.

E. The Contractor certifies that it is licensed by the State of Arizona to provide the work to be performed under this Contract, if the State of Arizona requires such a license.

#### SECTION II – CONTRACT DOCUMENTS

A. The entire agreement between the City and the Contractor comprises the Contract Documents, which include this Memorandum of Agreement and Contract Documents A through E, which are attached hereto and incorporated herein by this reference. The Contract Documents and Order of Precedence are as follows:

1. This Memorandum of Agreement;
2. Contract Document A - August 10, 2011 E-Mail to Kristy Garcia and Lisa Moore from Adam Bessette and 6 Attachments

- |                          |  |
|--------------------------|--|
| 1. Contract Document A-1 | City of Chandler RFP HRI-953-2988-2011 Life and AD&D RFP (Contractor's Best and Final Offer Response to City's August 5, 2011 Questions) |
| 2. Contract Document A-2 | Death Claim Form   |
| 3. Contract Document A-3 | City of Chandler 2011 Life and Accidental Death and Dismemberment Services RFP – Attachment D  |
| 4. Contract Document A-4 | A D & D Benefits with Enhancements   |
| 5. Contract Document A-5 | Booklet Provisions for Portability Plus  |
| 6. Contract Document A-6 | City of Chandler RFP HRI-953-2988 Life and Accidental Death and Dismemberment – Pricing Analysis (Attachment C)                          |

3. Contract Document B – May 6, 2011 Life Insurance, AD&D & Short Term Disability Services RFP No. HR1-953-2988 Addendum #1
4. Contract Document C – April 11, 2011 City of Chandler Notice of Formal Solicitation, Solicitation No. HR1-953-2988
5. Contract Document D – September 13, 2011 fax from Adam Bessette with responses to May 6, 2011 Addendum #1
6. Contract Document E – May 16, 2011 Letter from Adam Bessette RE: Basic Life and AD&D Insurance, Employee and Dependent Supplemental Life Insurance, Employee and Dependent Voluntary AD&D and ASO for Short-Term Disability Income and attached "City of Chandler HR1-953-2988, Basic Life and AD&D Insurance, Employee and Dependent Supplemental Life Insurance, Employee and Dependent Personal Accident Insurance and ASO for Short-Term Disability Income"

B. In the event that there is any conflict between Contract Documents, the conflict shall be resolved based on the order of precedence set forth above. For example, if there is a conflict between the City's April 11, 2011 City of Chandler Notice of Formal Solicitation, Solicitation No. HR1-953-2988 (Contract Document C) and the May 16, 2011 Letter from Adam Bessette RE: Basic Life and AD&D Insurance, Employee and Dependent Supplemental Life Insurance, Employee and Dependent Voluntary AD&D and ASO for Short-Term Disability Income (with attachments) (Contract Document E), Contract Document C will take precedence.

C. Any amendment to these Contract Documents must be in writing and signed by both City and Contractor.

### SECTION III – GENERAL TERMS AND CONDITIONS

A. This Agreement sets forth the terms and conditions under which the Contractor shall provide Basic Life insurance, AD&D insurance, optional life insurance, and continuing life insurance as set forth in the Contract Documents.

B. This Agreement shall commence January 1, 2012 when Contractor is notified to proceed with agreed services.

C. Contractor agrees that it will cover all benefits from the effective date of the Contract such that no employee or dependent currently insured will suffer a loss of coverage by virtue of the change in Contractors other than by a change in plan design as specified by the City. Contractor agrees that no employee or dependent shall lose benefits because of transition issues from the previous insurance contractor Sun Life Assurance Company to this Contractor.

SECTION IV - PAYMENTS

For and in consideration of the performance of work herein set forth in the Contract Documents, which are part hereof and in accordance with the direction of the City of Chandler, the City of Chandler agrees to pay the Contractor as set forth in Attachment C, the Best and Final Rate Exhibit to Exhibit A.

SECTION V - TERMINATION

The City and Contractor hereby agree to the full performance of the covenants contained herein, except that the City reserves the right, at its discretion, to terminate the service provided in this Agreement by the Contractor.

A. The Agreement may be terminated by City at any time (as of any premium date) by providing Contractor with thirty (30) days' prior written notice, subject to requirements for written notification to the insureds (if the coverage is not being replaced) as set forth in Contract Document E, Attachment B, item number 7.

B. The Contractor shall receive, as compensation in full for services performed to date of such termination, a fee for the services performed up to the date of termination. The City shall make this final payment within sixty (60) days after the date of termination.

IN WITNESS WHEREOF, the parties hereto have hereunto subscribed their names this \_\_\_\_ day of \_\_\_\_\_, 2011.

CITY OF CHANDLER

CONTRACTOR

By: \_\_\_\_\_  
Mayor

By:   
Title: Adam Borse - Regional Manager  
Reliastar Life Insurance Company, d/b/a  
ING Employee Benefits

ATTEST:  
\_\_\_\_\_  
City Clerk

(SEAL)  
ATTEST: \_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney *GH for*



**DATE:** September 15, 2011

**TO:** Mayor and Council

**FROM:** City Clerk's Office

**CC:** Rich Dlugas, City Manager

**SUBJECT:** Item No. 47

The contract documents related to the Memorandum of Agreement with ReliaStar Life Insurance Company d/b/a ING Employee Benefits is available for review at the City Clerk's Office.