

# STANDARD INSURANCE COMPANY

A Stock Life Insurance Company

900 SW Fifth Avenue  
Portland, Oregon 97204-1282  
(503) 321-2700

## DISABILITY PROGRAM ADMINISTRATIVE SERVICES AGREEMENT

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Program Sponsor:	MONTGOMERY COLLEGE
Program Administrator:	MONTGOMERY COLLEGE
Claims Administrator:	Standard Insurance Company
ATP Number:	760764-A
Effective Date:	January 1, 2022

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Note: The terms of this Agreement are not governed under the terms of any Master Service Agreement issued by Standard Insurance Company in conjunction with any other services provided to Client.

Program Sponsor has adopted a self-funded short-term disability income benefit program (Program) for certain of its employees. Program Sponsor is solely responsible for all risks, liabilities, benefits and claims under the Program.

Program Sponsor has requested Standard to provide administrative services to the Program as described in this Agreement. Standard is willing to provide such services, according to the terms of this Agreement, without assuming any financial responsibility under the Program.

Standard's willingness to provide administrative services is conditioned upon Program Sponsor's agreement that Standard is not responsible for any risk, liability, benefit or claim under the Program and upon Program Sponsor fulfilling its obligations as provided herein.

## **LIMITED AGENCY APPOINTMENT OF STANDARD**

Program Sponsor hereby appoints Standard to act on its behalf as Claims Administrator for the Program and grants to Standard authority to fulfill the Obligations of Claims Administrator, as provided herein. Standard is empowered to act on behalf of Program Sponsor in connection with the Program only as expressly stated in this Agreement. Standard has no authority or obligation with respect to (1) Program Sponsor's right of subrogation under the Program, or (2) management or investment of the assets of the Program. In performing its obligations under this Agreement, Standard is acting solely as the agent of Program Sponsor.

## **OBLIGATIONS OF CLAIMS ADMINISTRATOR**

Standard, acting as Claims Administrator for the Program, shall provide the following services, consistent with the terms of the Program :

### **A. Claims Services**

- 1) Investigate claims for benefits under the Program, determine eligibility for coverage, make initial claim decisions to approve, deny or close claims for benefits, and notify claimants and Program Sponsor in writing of its decisions, subject to Program Sponsor's right of final review and decision on all claims.
- 2) If an appeal is requested by the claimant, provide an independent review and notify claimant and Program Sponsor in writing of Standard's decision, subject to Program Sponsor's right of final review and decision on all appeals.
- 3) Advise and assist Program Sponsor on procedures to be followed in submission of claims, including the preparation of forms necessary for submission and processing of claims.
- 4) Create and maintain a current and complete claim file for any claim presented to Standard for administration under the Program.
- 5) Submit to Program Sponsor all claims Program Sponsor may request to review.
- 6) Have medical and vocational examinations of claimants performed as Standard deems advisable
- 7) If required under the terms of the Program, advise claimants concerning the need to apply for deductible income and periodically verify application for or receipt of deductible income.
- 8) Review claims to determine continued eligibility for benefits as frequently as claimant's condition warrants.

### **B. Program Document Services**

- 1) Advise and assist Program Sponsor with regard to the initial preparation of the Program and recommend subsequent revisions as may be appropriate.
- 2) Advise and assist Program Sponsor with regard to the preparation and review of Program summaries, descriptive booklets, certificates of coverage and similar material for distribution to covered employees.

### **C. Actuarial Services**

Upon written request:

- 1) Provide an estimate of the open and unreported claim liability of Program Sponsor.
- 2) Provide cost estimates for any changes in the Program.
- 3) Submit to Program Sponsor periodic reports summarizing the financial experience of the Program and provide data required for compliance with state and federal disclosure legislation.

#### D. Performance Standards

Standard shall exercise ordinary care and reasonable diligence in the performance of its duties under this Agreement. Standard will not be liable for any mistake of judgment or other action taken in good faith. Further, Standard shall not be considered to have failed to perform its obligations under this Agreement if any delay or nonperformance on its part is due, in whole or in part, to Program Sponsor's failure to discharge its own obligations promptly.

### **OBLIGATIONS OF PROGRAM SPONSOR**

Program Sponsor shall:

- A. Retain full financial responsibility for the Program and its operation.
- B. Furnish any information reasonably required by Standard to carry out Standard's duties under this Agreement, including but not limited to relevant program documents and any other administrative guidance necessary to administer the program.
- C. Execute authorizations or corollary agreements necessary for Standard to execute its obligations under this Agreement.
- D. Review Standard's claim and appeal decisions in a timely manner. If Program Sponsor fails to notify Standard in writing of any objection it may have to any such decision within 45 days after notice thereof from Standard, Program Sponsor shall be deemed to have waived such objection and shall be conclusively presumed to have ratified and approved Standard's decision.
- E. Defend claim litigation arising out of or relating to, in whole or in part, the financial responsibility of Program Sponsor for the risks, liabilities and benefits of the Program, regardless of whether such liability, claim, lawsuit, or administrative proceeding is rightfully or wrongfully brought or filed. Program Sponsor agrees that Standard may, at Standard's option and expense, assume the defense obligation of any such liability, claim, lawsuit, or administrative proceeding. In the event Standard exercises this option to assume the defense, Standard shall have the sole authority for the direction of defense, including selecting defense attorneys and determining defense strategy. In such event, Standard shall be empowered to judge the acceptability of any compromise and to settle any such liability, claim, lawsuit or administrative proceeding. Prior to entering into any settlement or compromise on behalf of Program Sponsor, Standard will make a recommendation to Program Sponsor for approval, which approval shall not be unreasonably withheld.
- F. Pay benefits according to the terms of the Program, as shown in Benefit Payments.
- G. Establish and maintain such accounts and records as may be required in accordance with this Agreement.
- H. Provide Standard with all amendments or modifications to the Program at least 60 days prior to the proposed effective date of the change. Standard shall have no obligation to administer any such change unless and until approved by Standard, which approval shall not be unreasonably withheld. Standard retains the right to modify the **Fees** to reflect any additional services or expenses required by such change.
- I. Provide Standard in writing with the names of individuals authorized to act for Program Sponsor in connection with this Agreement, together with a statement of the extent of their authority.
- J. Identify Standard as Claims Administrator in relevant Program documents and related materials. Any other use of Standard's name in connection with Program administration must be authorized in advance and in writing by Standard.

### **BENEFIT PAYMENTS**

All benefits payable under the Program will be paid by Program Sponsor.

## **FEES**

### **A. Fees**

Program Sponsor shall pay fees to Standard in connection with Standard's services under this Agreement as follows.

**MONTHLY GENERAL FEE.** The Monthly General Fee for the first calendar month of this Agreement and for each calendar month thereafter shall be \$1.45 per employee covered under the Program.

**ADDITIONAL FEES.** Additional Fees may be charged to Program Sponsor upon mutual agreement between Program Sponsor and Standard.

### **B. Change in Fee Rates**

- 1) Standard may change the amount, the method of determination, or both, of any fees not yet due, when a change in any law or regulation affects the manner in which Standard performs any function under this Agreement. The amount, the method of determination, or both, of any fees not yet due may also be changed upon mutual agreement between Program Sponsor and Standard.
- 2) Except as provided in Paragraph 1) of this section:
  - a. Fees will not be changed during the first three years the Agreement is in effect, provided that this limitation shall not apply to any changes in fees in connection with any change in the terms of this Agreement or the Program.
  - b. Thereafter Standard may change the amount, the method of determination, or both, of any fees not yet due, upon 180 days written notice to Program Sponsor. Except as provided in Paragraph 1) of this section, no such change in fees shall be made more than once in any Contract Year, provided that this limitation shall not apply to any changes in fees in connection with any change in the terms of this Agreement or the Program.

### **C. Payment Due Dates**

The Initial Contract Fee is due and payable on the date of execution of this Agreement. All other fees are due and payable within 30 days after notice by Standard has been sent to Program Sponsor of the amount owed.

## **INTEREST ON LATE PAYMENTS**

Program Sponsor shall pay Standard interest at a rate equal to the Wells Fargo Bank and Co. prime rate plus two percent (2%) per annum, or the highest rate permitted by applicable law, whichever is less, on any sums payable to Standard pursuant to this Agreement that are not paid by Program Sponsor on or before the date on which such sums are due.

## **INDEMNIFICATION AGREEMENT**

- A. Except as provided in sections B and C below, Standard and Program Sponsor each undertakes and agrees to indemnify, defend, and hold harmless the other, including directors, officers, and employees, from any and all liabilities, claims, lawsuits, administrative proceedings, settlements, compromises, judgments, penalties, costs and expenses, including but not limited to, attorney's fees, pretrial discovery, deposition and investigation expenses, compensatory, consequential, special, exemplary and punitive damages arising out of or relating to, in whole or in part, any negligent act or omission, criminal conduct or fraud, or intentional failure to perform any obligation under the Program or this Agreement.
- B. Taxes: Notwithstanding any other provision of this Agreement to the contrary, Standard agrees to pay all federal, state, and local corporate income and excise taxes (and interest and penalties that

may be assessed thereon) that are due from Standard because of the receipt by Standard of amounts due it pursuant to the **Fees** section of this Agreement.

Program Sponsor specifically agrees to indemnify, defend and hold Standard harmless from any and all other tax liabilities, claims or assessments for federal, state, or local taxes (and interest and penalties that may be assessed thereon), including but not limited to, premium or similar taxes, that may become due or may be assessed against Standard because of the receipt by or attribution to Standard of amounts paid or due pursuant to the **Fees** or **Benefit Payments** sections of this Agreement or because of any other cause for which Program Sponsor is obligated to indemnify Standard under this Agreement. Program Sponsor shall, at its option, either:

- 1) Challenge any such tax liability, claim or assessment on behalf of Standard; or
  - 2) Pay to Standard the amount of taxes and any interest and penalties assessed thereon that are due or assessed or claimed to be due. Standard will provide written notice to Program Sponsor of the amount due or assessed or claimed to be due, and Program Sponsor will pay Standard that amount within 15 days of sending of the notice of the amount due or assessed or claimed to be due. Payment pursuant to this paragraph shall release Program Sponsor from any further obligations under this section with respect to the tax claim or assessment that was paid.
- C. Nothing in this **Indemnification Agreement** section is intended to or does alter the obligations of the Program Sponsor to bear full financial responsibility for any benefits payable under the Program or to defend litigation related to such benefits as set forth in the **Obligations Of Program Sponsor** section of this Agreement.

## **RECORDS AND CLAIM FILES**

- A. All claim files, records, reports, and other information prepared and maintained by Standard pursuant to this Agreement shall be the sole property of Program Sponsor, subject to Standard's right to retain copies of any such information.
- B. Upon reasonable written request, and during regular business hours Program Sponsor shall have the right to inspect any claim file and any other record or report, including but not limited to records relating to payments of benefits that have been prepared and maintained by Standard, pursuant to this Agreement.
- C. All claim files and other records and reports prepared and maintained by Standard pursuant to this Agreement shall be confidential. Standard shall take such measures as are reasonably necessary to preserve the confidentiality of such claim files, records and reports. No individually identifiable information will be released from any such claim file, except as follows:
  - 1) In response to a court order.
  - 2) For an examination conducted by regulatory authorities.
  - 3) At the request of the Program Sponsor.
  - 4) With the written consent of the identified individual or his or her legal representative.

Pursuant to the **Obligations Of Program Sponsor** section of this Agreement, Program Sponsor shall designate employees or agents who are authorized to receive individually identifiable claim information on behalf of Program Sponsor. Standard may rely upon such authorizations until receipt of written instructions changing such authorizations.

- D. Any individually identifiable claim information released to Program Sponsor pursuant to this Agreement shall be treated as confidential. Program Sponsor shall protect such information from unauthorized disclosure.
- E. Claim files, records, reports and other information prepared and maintained by Standard pursuant to this Agreement may be destroyed by Standard at any time after seven years. With respect to

claim files, the seven-year period begins on the date benefits cease to be paid to the claimant. Program Sponsor may receive an inactive claim file at any time within the first 60 days after benefits cease by sending a written request to Standard and payment of Standard's reasonable shipping and handling costs.

## **AMENDMENT**

This Agreement constitutes the entire contract between the parties, superseding all prior or contemporaneous written or oral understandings and agreements. No modification or amendment of this Agreement shall be valid unless made in writing and signed by each party.

## **ASSIGNMENT AND MISCELLANEOUS PROVISIONS**

- A. Neither party shall assign this contract without the prior written consent of the other party.
- B. Standard will not be bound by any notice, direction, requisition, or request unless and until it is received in writing at Standard's home office at Portland, Oregon.
- C. This Agreement shall be deemed to have been entered into in the State of Oregon, and all questions concerning validity, interpretation, or performance of any of its terms or provisions or of any rights or obligations of the parties to this Agreement, shall be governed by and resolved in accordance with the laws of Oregon.
- D. Captions of the parts, sections, and paragraphs of this Agreement are for convenience and reference only, and the words contained in such captions shall in no way be employed to explain, modify, amplify, or aid in the interpretation, construction, or meaning of the provisions of this Agreement.
- E. Standard has not and will not provide legal advice, legal opinions or other legal services to Program Sponsor in establishing or maintaining the Program or relative to this Agreement. Program Sponsor will rely solely upon the advice of its own legal counsel in evaluating the legal aspects of the Program and this Agreement.
- F. Each party shall promptly give the other written notice of any claim, lawsuit, or administrative proceeding concerning a claim for benefits under the Program or any other matter embraced by the indemnity. The parties shall cooperate fully in the defense of any such claim, lawsuit, or proceeding.
- G. If litigation arises out of this Agreement, the prevailing party shall be entitled to recover legal expenses, including but not limited to, attorney's fees, pretrial discovery, deposition and investigation expenses, and other expenses reasonably and necessarily incurred in such litigation at the trial and appellate court levels.

## **TERM AND TERMINATION**

- A. Contract Years are successive twelve month periods computed from the Effective Date of this Agreement. The date of termination of this Agreement, unless otherwise specified, shall be deemed to be the last day of a Contract Year.
- B. This Agreement may be terminated by either party upon sixty (60) days written notice of termination provided to the other party.
- C. This Agreement will terminate automatically on the date of termination of any group long term disability insurance policy issued to Program Sponsor by Standard.
- D. Program Sponsor's failure to pay **Fees** or to pay benefits pursuant to **Benefit Payments**, or Program Sponsor's failure to fulfill its obligations under **Indemnification Agreement**, shall terminate this Agreement upon written notice by Standard to be delivered to Program Sponsor at its last known address.

E. Effect of Termination.

1) Claims Administration

Notwithstanding termination of this Agreement, the Standard may at its option continue to provide claim services with respect to any claim for benefits under the Program with an incurred date occurring on or before the date of termination. Program Sponsor shall see to it that any such claim is immediately sent to Standard. Standard may administer any such claim until it determines the claim is inactive. The terms and provision of this Agreement shall continue to apply where applicable to the runoff of such claims, specifically including Program Sponsor's obligation to make funds available for payment of benefits.

2) Claims Records

Standard may retain any open or active claim files as provided in item E.1 above of the **Term And Termination** section of this Agreement. Any such files not retained by Standard shall be sent to Program Sponsor or its successor administrator promptly upon payment of Standard's reasonable shipping and handling costs.

Standard shall retain all inactive claim files and other records and reports relating to such claims and prepared and maintained by Standard pursuant to this Agreement, and may destroy such files, etc. as provided in Records and Claim File provision. Program Sponsor may obtain possession of such extant claim files, records and reports upon written request to Standard and payment of Standard's reasonable shipping and handling costs. Program Sponsor acknowledges that locating and processing such files and records may be difficult and time consuming and may substantially increase the shipping and handling costs it is obligated to pay.

F. Outstanding Obligations

Notwithstanding any other provision of this Agreement to the contrary, the termination of this Agreement shall not release either party from any obligation already incurred, including any payment obligation already incurred under the **Fees** or **Benefit Payments** provision. Further, provisions of the **Indemnification Agreement** and defense obligations under **Obligation Of Program Sponsor**, and the confidentiality provisions under **Records And Claim Files** sections will not be affected by the termination of this Agreement and will remain in full force and effect.


IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed in duplicate by their respective officers duly authorized to do so.

Program Sponsor:

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

STANDARD INSURANCE COMPANY

By



President and CEO

Corporate Secretary

STASOAG1 (ATP)