

**SERVICE CONTRACT FOR WORKERS' COMPENSATION  
CLAIMS HANDLING**

THIS SERVICE CONTRACT FOR WORKERS' COMPENSATION CLAIMS HANDLING is made and entered into this 28<sup>th</sup> day of November, 1989, but is effective for all purposes as of the 1st day of November, 1989, by and between NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS (referred to as the "Employer"), and JOHNS EASTERN COMPANY, INC. (referred to as the "Service Agent").

**WITNESSETH:**

**WHEREAS**, the Employer has undertaken to self-insure its Workers' Compensation Liability in accordance with the Florida Workers' Compensation Law and other applicable Florida statutes and regulations; and

**WHEREAS**, the Service Agent is engaged in the supervision and administration of programs for self insured employers;

**WHEREAS**, the Employer desires to engage the Service Agent for, and the Service Agent desires to assist the Employer in, workers' compensation claims handling;

**NOW, THEREFORE**, for and in consideration of the premises and of the mutual obligations, performance of services, and payment of compensation set forth herein, the parties agree as follows:

1. **Engagement.** The Employer hereby engages the Service Agent to supervise and administer the Self-Insured Workers' Compensation Program of the employer in accordance with the Workers' Compensation Law as adopted and amended by the State of Florida (the "Law") and the applicable rules and regulations as promulgated by the applicable agencies of the State of Florida relating to the Law (the "Rules"), all in accordance with the Service Agent's proposal dated March 28, 1989, a copy of which is attached hereto and incorporated herein by this reference (the "Proposal").
2. **Term.** Subject to termination pursuant to paragraph 8, the term of this Agreement shall begin as of November 1, 1989 and shall terminate on September 30, 1990; provided, however, that this Agreement shall renew automatically for two additional one-year terms unless otherwise terminated.
3. **Fund for Payment of Claims.** The Employer has the sole obligation and responsibility for funding the payment of

claims made by its employees under the Law and Rules. The Service Agent assumes no duty to fund any such claims at any time and shall have no obligation to advance funds for any such payment. The Employer agrees to maintain all necessary funds for payment of claims in accordance with the Law and Rules and to inform the Service Agent of all relevant details with respect to any such accounts in order for the Service Agent to perform its duties under this Agreement. The Employer shall add to or increase the amount in any such accounts as needed, and, in any event, within five (5) business days from the Service Agent's notice to the Employer to such effect.

4. **Allocated Claims Expenses.** "Allocated Claims Expenses" shall be defined as the following expenses arising in connection with the settlement of claims, which shall be directly allocated to a particular claim to be discharged from the accounts funded by the Employer specified in paragraph 3:

- a. Attorneys' and legal assistants' fees for claim and any lawsuits, before and at trial, on appeal, or otherwise;
- b. Court and other litigation and settlement expenses, including, without limitation:
  - (i) Medical examinations to determine extent of liability;
  - (ii) Expert medical and other testimony;
  - (iii) Laboratory, X-ray and other diagnostic tests;
  - (iv) Autopsy, surgical reviews, and other pathology services;
  - (v) Physician and related fees and expenses in reading, interpreting, or performing any of the foregoing tests or services;
  - (vi) Stenographer, process server, and other related trial preparation, trial, settlement, and court costs;
  - (vii) Witnesses fees and expenses before and at trial, deposition, settlement discussions, or otherwise; and
  - (viii) Fees and expenses for surveillance, private investigators, or otherwise.

c. Photocopying and review of relevant documentation.

5. **Compensation for the Service Agent.** For performing its services under this Agreement, the Service Agent shall be entitled to the following compensation:

a) Fees for claims handling with a date of loss 11/1/89 through 9/30/90 will be \$325.00 for each indemnity case, and \$85.00 for each medical only case.

b) The above fees will be subject to a \$7,500.00 minimum and deposit which will be billed upon program inception. Fees will be subject to audit at the end of the contract period based upon claims volume.

c) The above fee does not include loss control. Loss control fees will be based upon \$500 per day with a minimum of four loss control days required.

Notwithstanding anything in this paragraph 5 to the contrary, the Employer agrees to bear the cost of printing checks in connection with the payment of claims or otherwise under this Agreement.

6. **Continuing Handling of Claims After Termination.** Upon termination of this Agreement as set forth in paragraph 8, the Service Agent agrees to continue handling all claims that have been made and reported to it prior to such date of termination for ninety (90) unless the parties have agreed otherwise in writing.

7. **Disputes Subject to Arbitration.** Any dispute or claim arising out of or relating to this Agreement or any breach thereof shall be resolved by submission of such dispute or claim to an arbitration panel composed as follows: The Employer and the Service Agent shall each select one member of the panel and the two selected members shall select a third member. The parties agree to follow the rules of the American Arbitration Association.

8. **Termination.** This Agreement may be terminated by the Employer or the Service Agent by giving prior written notice of sixty (60) days. In the event of such termination, compensation paid or payable to Service Agent under paragraphs 5.a through 5.c shall be prorated as appropriate. Notwithstanding anything in this paragraph 8 to the contrary, the insolvency or filing for relief from creditors of any party pursuant to the United States Bankruptcy Code or the material breach of a material provision of this Agreement by any party shall

permit the other party to cancel this Agreement immediately upon written notice.

9. **Covenants of the Service Agent and the Employer.** Each of the Service Agent and the Employer agrees to use its normal and ordinary professional care and diligence in the performance of its duties under this Agreement and will use its best efforts to comply at all times with the Law and the Rules.
10. **Indemnification.** Each party agrees to indemnify and hold harmless the other and its directors, officers, employees, stockholders, and agents against any and all claims, lawsuits, settlements, judgments, costs, penalties, and expenses, including, without limitation, attorneys' and legal assistants' fees before and at trial, on appeal, or otherwise, resulting from the breach of, or negligence or misconduct in performing, any provision of this Agreement, by such party or by its directors, officers, employees, stockholders or agents, whether acting alone or in collusion with others.
11. **Miscellaneous.**
  - a. Each party represents and warrants that it has full power and authority to enter into this Agreement.
  - b. All notices, requests, demands and other communications which are required or may be given under this Agreement shall be in writing and shall be deemed to have been duly given when received if personally delivered; when transmitted if transmitted by telecopy, electronic telephone line facsimile transmission, or other similar electronic or digital transmission method; the day after it is sent, if sent by recognized expedited delivery service; and five (5) days after it is sent, if mailed, certified or registered mail, return receipt requested, postage prepaid. In each case, notice shall be sent to:

If to the Employer:

Nassau County Board of County  
Commissioners  
P.O. Box 456  
Fernandina Beach, FL 32034

If to the Service Agent:

Johns Eastern Company, Inc.  
330 South Pineapple Avenue  
P. O. Box 4175  
Sarasota, FL 34230

or to such other address as either party may have specified in writing to the other using the procedures specified above in this paragraph.

- c. (i) This Agreement shall be construed pursuant to and governed by the substantive laws of the State of Florida (and any provision of Florida law shall not apply if the law of a state or jurisdiction other than Florida would otherwise apply).
  - (ii) The headings of the various paragraphs in this Agreement are inserted for the convenience of the parties and shall not affect the meaning, construction, or interpretation of this Agreement.
  - (iii) Any provision of this Agreement which is determined by a court of competent jurisdiction to be prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or nonauthorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction. In any such case, such determination shall not affect any other provision of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect. If any provision or term of this Agreement is susceptible to two or more constructions or interpretations, one or more of which would render the provision or term void or unenforceable, the parties agree that a construction or interpretation which renders the term or provision valid shall be favored.
- d. This Agreement constitutes the entire Agreement, and supersedes all prior agreements and understandings, oral and written among the parties to this Agreement with respect to the subject matter hereof.
  - e. (i) If, within ten (10) days after demand to comply with the obligations of one of the parties to this Agreement served in writing on the other, compliance or reasonable assurance of compliance is not forthcoming, and the other party takes steps to enforce rights under this Agreement pursuant to paragraph 7 or otherwise, the prevailing party in any action shall be

entitled to recover all reasonable costs and expenses (including reasonable attorneys' and legal assistants' fees before and at trial, on appeal, or otherwise.)

(ii) If any monies shall be due either of the parties to this Agreement hereunder and shall not be paid within thirty (30) days from the due date of such payment, interest shall accrue on such unpaid amount at the rate of 1% per annum in excess of the prime rate announced from time to time by Citibank, N.A., New York, New York, or such lower rate as may be required to comply with applicable law.

f. This Agreement shall be binding upon and inure to the benefit of the successors in interest and assigns of the parties.

g. The parties to this Agreement will execute and deliver, or cause to be executed and delivered, such additional or further documents, agreements, or instruments and shall cooperate with one another in all respects for the purpose of carrying out the transactions contemplated by this Agreement.


h. This Agreement may be executed in any number of counterparts, each of which shall be considered an original, but all of which together shall constitute one and the same instrument and shall become effective when each of the parties has executed at least one of the counterparts even if all the parties have not executed the same counterpart.

**IN WITNESS WHEREOF**, the parties have executed this Agreement effective for all purposes as of November 1, 1989.

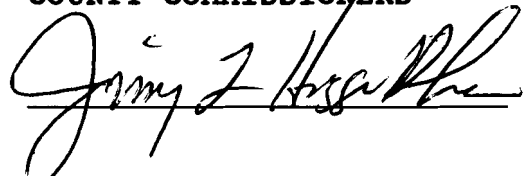
ATTEST:

  
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WITNESSES:

  
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**NASSAU COUNTY BOARD OF  
COUNTY COMMISSIONERS**

  
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**JOHNS EASTERN COMPANY, INC.**

  
Kenneth M. Johns, III  
Executive Vice President