

**SMALL BUSINESS INSURANCE SERVICES, LLC
GROUP COBRA ADMINISTRATION CONTRACT**

THIS GROUP COBRA ADMINISTRATION CONTRACT is entered into between Small Business Insurance Services, LLC (“SBIS”) and _____ (“Customer”).

SBIS and Customer agree, in consideration of the promises and mutual covenants set forth in this Contract, that SBIS will serve as administrator of health, dental and vision insurance programs (“Insurance Programs”) offered by Customer to its employees under the Consolidated Omnibus Budget Reconciliation Act of 1986, Public Law 99-272 (“COBRA”), as follows:

Eligibility for COBRA Administration. To be eligible for the services provided by SBIS under this Contract, Customer must be a member in good standing of Small Business Association of Michigan (“SBAM”). If, at any time during the term of this Contract, Customer fails to meet this requirement, SBIS may terminate this Contract immediately upon written notice to Customer.

Contract Contingencies and Commencement of Obligations. SBIS’s obligations under this Contract are and shall be contingent upon SBIS’s receipt of all of the following:

- (1) If not a current member in good standing of Small Business Association of Michigan (“SBAM”), a completed SBAM Membership Application including Credit Card information or a check for SBAM first year membership dues;
- (2) A completed COBRA Enrollment (Group Set-up) Form;
- (3) Current, renewal or new carrier premium rates for all insurance carriers with which Customer’s group insurance plan(s) subscribers are enrolled; and corresponding Group numbers for each insurance plan;
- (4) An executed copy or original of this Contract; and
- (5) If the Customer has current COBRA subscribers, receipt of each subscriber’s qualifying event date, date of COBRA notification, date of COBRA enrollment, premium rates at time of COBRA enrollment, and paid-to-date information.

SBIS’s obligations under this Contract shall commence on the first (1st) day of the calendar month following the satisfaction of the conditions set forth in subparagraphs (1)-(5) above, inclusively.

Administrative Fees.

SBAM-Sponsored BCBSM and BCN Groups:

- Fewer than 100 insured employees – Customer must pay SBIS \$35 per month (or if desired \$420 annually) to serve as Customer’s COBRA administrator.
- 100 or more insured employees – Customer must pay SBIS \$60 per month (or if desired \$720 annually) to serve as Customer’s COBRA administrator.

Non-Sponsored, Non-Blue Groups:

- Fewer than 100 insured employees – Customer must pay SBIS \$60 per month (or if desired \$720 annually) to serve as Customer’s COBRA administrator.
- 100 or more insured employees – Customer must pay SBIS \$75 per month (or if desired \$900 annually) to serve as Customer’s COBRA administrator.

*** Discount for Non-Sponsored, Non-Blue Groups with a Hall of Fame Broker/Agency:**

- Fewer than 100 insured employees – Customer must pay SBIS \$45 per month (or if desired \$540 annually) to serve as Customer’s COBRA administrator.
- 100 or more insured employees – Customer must pay SBIS \$55 per month (or if desired \$660 annually) to serve as Customer’s COBRA administrator.

For Customers enrolled in a SBAM sponsored Blue Cross Blue Shield of Michigan and/or Blue Care Network health insurance plan, Administration Fees may be paid monthly. When paying the fee monthly, it will appear on Customer’s health insurance invoice, and shall be payable to (SBIS) Small Business Insurance Services. If paying the fee annually, the Administrative Fee invoice will come directly from SBIS. If Group fails to pay the administration fee within thirty (30) days after it becomes due, SBIS reserves the right to immediately terminate this Contract and discontinue all COBRA administrative services for Customer.

Membership and Plan Changes.

- (a) Customer must immediately upon occurrence submit all membership and plan changes (i.e., additions, deletions, coverage changes, premium rate changes, etc.) for its Group Insurance Programs to SBIS via our secure email at membercare@sbam.org.
- (b) Customer shall provide complete and accurate information on all membership and plan changes. Customer understands that SBIS cannot perform its duties under this Contract without accurate and timely information, and that SBIS has no liability to Customer or any covered individual as a consequence of inaccurate or untimely information provided to SBIS by Customer, or its designee. SBIS assumes that all information provided to SBIS by Customer or its designee is complete and accurate. SBIS has no obligation to question the completeness or accuracy of the information provided by Customer or its designees. In addition, Customer shall, at least thirty (30) days prior to the effective date of any plan or premium rate change, notify SBIS of such plan or premium rate change.

- (c) SBIS shall be responsible for transmitting or otherwise submitting all Customer Group health insurance membership and plan changes to the appropriate insurer – unless indicated otherwise on the Customer COBRA enrollment form.

Customer Cooperation. As necessary to assist SBIS with the administration of Customer's Group COBRA Insurance Programs, Customer shall cooperate with SBIS by providing SBIS with information, documentation and authority relating to Customer's Group Insurance Programs, insurers and claims administrators.

SBIS's COBRA Initial Notification Compliance Requirements. If requested by the Customer, upon receipt of a census form, SBIS shall send an initial notification to all employees enrolled in a group health plan.

SBIS's COBRA Qualifying Event Compliance Requirements. Upon receipt of a complete and accurate membership and/or plan change submitted by Customer, SBIS will make a determination as to whether the change constitutes a qualifying event, as that term is defined under COBRA. If the change constitutes a qualifying event, SBIS shall be responsible for handling all COBRA administration relating to the change and the COBRA-eligible Customer employee and qualified beneficiaries, including: providing notice of all COBRA rights and responsibilities, as required under COBRA; maintaining complete and accurate records of all notices, elections and other communications; providing premium due reminders and collecting and remitting COBRA premium; and terminating COBRA benefits.

Protected Health Information. Customer is subject to 45 CFR Parts 160, 162 and 164, issued by the U.S. Department of Health and Human Services under the authority of the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 (HIPAA). In the course of providing services to Customer under this Contract, SBIS may be required to use and/or disclose Protected Health Information ("PHI") of individuals received from Customer or created or received by SBIS on behalf of Customer. SBIS agrees (a) not to use or disclose PHI other than as permitted by this Contract or as required by law, (b) to use appropriate safeguards to prevent the use or disclosure of PHI other than as provided in this Contract, (c) as required by 45 CFR 164.530(f), to mitigate, to the extent practical, any harmful effect that is known to SBIS of a use or disclosure of PHI by SBIS in violation of this Contract, (d) to report to Customer any use or disclosure of which it becomes aware that is in violation of this Contract, (e) to ensure that any agent to whom it provides PHI agrees to the same restrictions and conditions that apply to SBIS with respect to PHI, (f) to provide access to PHI contained in a designated record set as requested by an individual in accordance with 45 CFR 164.524, (g) to make amendments to PHI contained in a designated record as requested by an individual in accordance with 45 CFR 164.526, (h) to provide an accounting of disclosures of PHI as requested by an individual in accordance with 45 CFR 164.528, (i) to provide Customer, in a time and manner reasonably designed by Customer, information collected in accordance with this Contract to respond to a request by an individual for access to PHI, amendment of PHI, or an accounting of disclosures of PHI, in accordance with 45 CFR 164.524, 164.526 and 164.528, (j) to make its internal practices, books and records relating to the use and disclosure of PHI available for inspection to determine compliance with the Privacy Rule, 45 CFR 164.500-534, and (k) shall immediately report a

breach of unsecured PHI to the Customer in accordance with 45 CFR 164.400-.414, and agrees to mitigate any harmful effect of a use or disclosure of PHI by SBIS or its agents.

SBIS may use or disclose PHI to (a) perform functions, activities or services for, or on behalf of, Customer as specified herein, (b) carry out its legal responsibilities, (c) properly manage and administer SBIS, provided that such disclosures are required by law or SBIS obtains reasonable assurances from the person to whom the information is disclosed that the PHI will remain confidential, that the person will only use or further disclose the PHI as required by law or for the purpose for which it was disclosed, and that the person agrees to notify SBIS of any instances, of which it becomes aware, where the confidentiality of the information has been breached, (d) provide data aggregation services to Covered Entity as permitted by 45 CFR 164.504(e)(2)(i)(B), and (e) report violations of law to appropriate federal and state authorities consistent with 45 CFR 164.502(j)(1).

SBIS shall implement administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of any electronic PHI that it creates, receives, maintains or transmits to or on behalf of the Customer as required by HIPAA, and will comply with 45 CFR 164.308, .310, .312 and .316, in the same manner as such sections apply to Customer, pursuant to Section 13401(a) of the Health Information Technology for Economic and Clinical Health Act (Title XIII of the American Recovery and Reinvestment Act of 2009 (ARRA)), Pub L No 111-5, 123 Stat 115 (2009) ("HITECH"). SBIS further agrees to ensure that any agent to whom it provides such information agrees to implement reasonable and appropriate safeguards to protect it. SBIS agrees to promptly report to Customer any material security incident of which it becomes aware.

Customer shall provide SBIS with the notice of its privacy practices in accordance with the Privacy Rule (45 CFR 164.520), as well as any changes to that notice. Customer will notify SBIS of any restriction to the use or disclosure of PHI that Customer has agreed to (and any revocation of such restriction) in accordance with the Privacy Rule.

Indemnification and Liability. Except as otherwise provided in this Contract, SBIS will indemnify and hold Customer, its officers, and directors harmless against all direct monetary damages of a compensatory nature to the extent such damages are reasonably ascertainable and only to the extent that such damages are the direct and proximate result of a SBIS breach of administrative responsibilities, as defined in this Contract. Customer agrees to indemnify and hold SBIS, its officers, members, employees, agents, and assigns, harmless from and against all direct monetary damages of a compensatory nature in connection with any action, suit, administrative proceeding or settlement related to the Customer's Group Insurance Programs for which SBIS provides administrative services or to the extent such damages arise from or are related to inaccurate or untimely submission by the Customer or its designee of information to SBIS.

Waiver and Limitation of Liability. Notwithstanding any agreement between the parties to the contrary, Customer's failure to reasonably discover or report any discrepancy or error in an SBIS billing statement, an SBIS monthly report, or the administration of services by SBIS within sixty (60) days after the discrepancy or error was made shall constitute a voluntary, knowing and intentional

waiver of Customer's rights to hold SBIS liable for any claim, cause of action, or damages arising from the discrepancy or error.

Limitation of liability: in all circumstances, regardless of whether the discrepancy or error was discovered or reported by Customer, SBIS's liability to Customer or to any third party for any discrepancy or error discovered in an SBIS billing statement, an SBIS monthly report, or the administration of services by SBIS shall be limited to an amount no greater than two (2) months of COBRA premium paid by Customer for the covered individual who is the subject of the discrepancy or error.

Notices. All notices shall be deemed duly given upon delivery if delivered by hand, or upon receipt if sent by United States mail, or upon the party's signature for a receipt if sent by certified mail, or upon receipt if served electronically via SBIS's secure website, or upon a printed verification if sent by facsimile.

All notices shall be sent to:

SBIS: Small Business Insurance Services
101 South Washington Sq., Suite 900
Lansing, MI 48933
(800) 362-5461 phone

Customer: _____
(Company name)

(Address)

(City, state, zip)

(Phone) (Fax)

Term and Termination. The term of this Contract shall be one (1) year and shall automatically renew for one (1) year terms. Either party to this Contract may terminate the Contract upon thirty (30) days' written notice to the other party. SBIS and Customer agree that, upon termination of this Contract, it is infeasible for SBIS to return or destroy all original and copies of PHI due to SBIS's need to maintain records for compliance under this Contract and COBRA as well as other business reasons. Notwithstanding termination of this Contract, SBIS shall extend the protections pertaining to PHI under this Contract to further uses and disclosures of PHI.

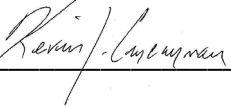
Counterparts and Transmission. This Contract may be executed in any number of identical counterparts, any or all of which may contain the signatures of fewer than all of the parties, and all of which shall be considered as part of a single instrument. Execution of a facsimile counterpart or electronic transmission of this Contract shall be deemed execution of the original Contract. Facsimile or electronic transmission of an executed copy of this Contract shall constitute acceptance of this Contract. Customer specifically acknowledges and affirms that an electronic signature shall constitute acceptance of the terms and conditions set forth herein.

The parties have executed this Contract on the year and date written below.

CUSTOMER

SMALL BUSINESS INSURANCE SERVICES, LLC

X _____

X  _____

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____