

**CONSULTING CONTRACT**  
**Hurricane Model Loss Estimates**

This Agreement is made effective as of January 30, 2009 by and between the Alabama Department of Insurance of 201 Monroe Street, Suite 1700, Montgomery, Alabama 36104, and \_\_\_\_\_

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In this Agreement, the party who is contracting to receive services shall be referred to as “Department” and the party who will be providing the services shall be referred to as “Contractor”. The Contractor has the ability to provide statistical modeling of the state’s PML (probable maximum loss) and AAL (average annual loss) from hurricanes and windstorms based on total state exposures. The Department desires to have services provided by the Contractor.

**1. DESCRIPTION OF SERVICES**

Beginning on January \_\_, 2009, and ending on March 31, 2010, the Contractor will provide one or more of the following services, (collectively the “Services”) when requested by the Department:

- 1.1** PMLs and AALs for 50-year, 100-year, 150-year, 200-year, and 250-year return periods using near-term and long-term views, including and excluding storm surge.
- 1.2.** PMLs and AALs assuming all insureds carry each of the following deductibles: 0%, 1%, 2%, 5%, 10%, 15%, 20%.
- 1.3.** PMLs and AALs by zip code, county and statewide.
- 1.4.** PMLs and AALs separately for personal versus commercial residential versus commercial non-residential structures.
- 1.5.** Impact on PMLs and AALs if all residences in Mobile and Baldwin Counties were retrofitted to meet IBHS *Fortified...For Safer Living* standards or similar loss mitigation improvements.
- 1.6.** Preparation of final reports based on modeling results.

**2. PERFORMANCE OF SERVICES**

The manner in which the Services are to be performed and the specific hours to be worked by the Contractor shall be determined by the Contractor. The Department will rely on the Contractor to work as many hours as may be

reasonably necessary to fulfill the Contractor's obligations under this Agreement. All Services are to be performed in accordance with professional ethics and standards of practice and the conflict of interest provision of Section 27-2-13, Code of Alabama 1975. If the assignment is not completed and a written report is not submitted within the budgeted time approved by the Department, the Department reserves the right to refuse making payments under this Agreement until a satisfactory written report is submitted by the contractor. If a written report is not submitted within 30 days after written demand by the Department, any remaining sums billed under the Contract shall be submitted to the State Board of Adjustment.

### **3. PAYMENT**

The Department will pay a fee to the Contractor of no more than \$\_\_\_\_\_ for services provided by the Contractor, based upon the Contractor's response to the Request for Proposal (RFP) which is herein incorporated by reference.

Upon termination of this Agreement, payments under this paragraph shall cease; provided, however, that the Contractor shall be entitled to payments for periods or partial periods that occurred prior to the date of termination and for which the Contractor has not yet been paid, up to the limits of the Contract.

### **4. EXPENSE REIMBURSEMENT**

The Contractor will be paid transportation and per diem in lieu of reimbursement for actual expenses for intrastate and interstate travel the same as for classified employees of the State of Alabama; said per diem being the rate set in Sections 36-7-20 or 36-7-21, Code of Alabama 1975. The mileage allowance when traveling in privately-owned vehicles shall be the same as that allowed employees under the classified service of the State of Alabama as provided by Section 36-7-22, Code of Alabama 1975. Expenses incurred in commercial travel shall be reimbursed at actual cost. All travel and out-of-pocket expenses for which reimbursement is claimed must be in connection with work performed under this contract. Contractor shall not be reimbursed for travel time or travel expenses not actually incurred in connection with an assignment.

The total expense reimbursement shall not exceed \$\_\_\_\_\_.

Total payments under this Agreement for professional fees and expense reimbursement shall not exceed \$\_\_\_\_\_.

## **5. SUPPORT SERVICES**

The Department will not provide support services, including office space and secretarial services, for the benefit of the Contractor.

## **6. NEW PROJECT APPROVAL**

The Contractor and the Department recognize that the Contractor's Services will include working on various projects for the Department. The Contractor shall obtain approval from the Department prior to the commencement of a new project.

## **7. TERM/TERMINATION**

The Agreement may be terminated by either party upon 30 days written notice to the other party but in no event shall the term of this Agreement extend past September 30, 2010. Any Contract whose term includes or runs more than one fiscal year is subject to termination in the event that funds should not be appropriated for the continued payment of the Contract in a subsequent fiscal year. In case of proration of the funds from which payment under this Contract is to be made, the Contract will be subject to termination.

## **8. RELATIONSHIP OF PARTIES**

It is understood by the parties that the Contractor is an independent contractor with respect to the Department, and is not an employee of the Department. The Department will not provide fringe benefits, such as health insurance benefits, paid vacation, or other employee benefits for the benefit of the Contractor. It is agreed that the Contractor is not subject to the control of the State of Alabama or the Department of Insurance in the performance of its duties and is not entitled to the benefits of the State Personnel System or the State Merit System laws.

## **9. INDEMNIFICATION**

The Contractor agrees to indemnify and hold the Department harmless from all claims, losses, expenses, fees including attorney fees, costs and judgment that may be asserted against the Department that result from the acts or omissions of the Contractor, the Contractor's employees, and the Contractor's agents.

## **10. ASSIGNMENT**

The Contractor's obligations under this Agreement may not be assigned or transferred to another person, firm, or corporation without the prior written consent of the Department.

## **11. CONFIDENTIALITY**

The Contractor recognizes that the Department has and will have access to the following information: products, prices, costs, future plans, business affairs, trade secrets, technical information, customer lists, product design information, and other proprietary information (collectively, "Information") which are valuable, special and unique assets of insurers. The Contractor agrees that the Contractor will not at any time or in any manner, either directly or indirectly, use any Information for the Contractor's own benefit, or divulge, disclose, or communicate in any manner any Information to any third party without the prior written consent of the Department. The Contractor will protect the Information and treat it as strictly confidential. A violation of this paragraph shall be a material violation of this Agreement.

## **12. UNAUTHORIZED DISCLOSURE OF INFORMATION**

If it appears that the Contractor has disclosed (or has threatened to disclose) Information in violation of this Agreement, the Department shall be entitled to an injunction to restrain the Contractor from disclosing, in whole or in part, such information, or from providing any services to any party to whom such information has been disclosed or may be disclosed. The Department shall not be prohibited by this provision from pursuing other remedies, including a claim for losses and damages.

**13. CONFIDENTIALITY AFTER TERMINATION**

The confidentiality provisions of this Agreement shall remain in full force and effect after the termination of this Agreement.

**14. NOTICES**

All notices required or permitted under this Agreement shall be in writing and shall be deemed delivered when delivered in person or deposited in the United States mail, postage prepaid, addressed as follows:

Department: Charles Angell, Actuary  
Alabama Department of Insurance  
201 Monroe Street, Suite 1700  
Montgomery, AL 36104

Contractor: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Such address may be changed from time to time by either party by providing written notice to the other in the manner set forth above.

**15. LIQUIDATED DAMAGES.**

The measure of damages in the event of a default by Contractor may be difficult or impossible to calculate, depending on the nature of the default. In the event Contractor fails to perform services or complete deliverables in accordance with the response times required in this contract, the Department may require Contractor to pay the Department \$500.00 per calendar day of delay. For any other failure to perform in accordance with the terms of the contract after having been notified in writing by the Department of the specific deficiency, the Department may require the Contractor to pay the Department the sum of \$500.00 per day until the deficiency is corrected. The Department may, but is not obligated to, recover these liquidated damages in lieu of any other monetary remedies the Department has under the contract or applicable law.

**16. ENTIRE AGREEMENT**

This Agreement contains the entire agreement of the parties and there are no other promises or conditions in any other agreement whether oral or written.

The RFP and the Contractor's Response to the RFP are hereby incorporated by reference. This Agreement supersedes any prior written or oral agreements between the parties.

#### **17. AMENDMENT**

This Agreement may be modified or amended if the amendment is made in writing and is signed by both parties.

#### **18. SEVERABILITY**

If any provision of this Agreement shall be held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. If a court finds that any provision of this Agreement is invalid or unenforceable, but by limiting such provision it would become valid and enforceable, then such provision shall be deemed to be written, construed, and enforced as so limited.

#### **19. WAIVER OF CONTRACTUAL RIGHT**

The failure of either party to enforce any provision of this Agreement shall not be construed as a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Agreement.

#### **20. APPLICABLE LAW**

This Agreement shall be governed by the laws of the State of Alabama. It is agreed that the terms and commitments contained herein shall not be constituted as a debt of the State of Alabama in violation of Article XI, Section 213, of the Constitution of Alabama, 1901, as amended by Amendment 26. It is further agreed that if any provision of this contract shall contravene any statute or constitutional provision or amendment, either now in effect or which may, during the course of this Contract, be enacted, then any conflicting provision in the Contract shall be deemed null and void. The Contractor's sole remedy for settlement of any and all disputes rising under the terms of this Agreement shall be limited to the filing of a claim with the Board of Adjustment for the State of Alabama. For any and all disputes arising under the terms of this Agreement, the parties hereto agree, in compliance with the recommendations of the Governor and Attorney General, when considering settlement of such disputes, to utilize appropriate forms of non-binding

alternative dispute resolution including, but not limited to, mediation by and through the Attorney General's Office of Administrative hearings or, where appropriate, private mediators. The Contractor shall not incur any liability on behalf of the State of Alabama.

**21. EXEMPTION**

The Department, notwithstanding any provisions of this Agreement, incorporations or amendments hereto, does not release or waive, expressly or impliedly, its right to assert sovereign immunity or any other affirmative or defensive right or claim it may have under law.

**22. AUTHORITY**

This Contract is made pursuant to and under the authority of Section 27-2-10, Code of Alabama, 1975.

**23. EFFECTIVE DATE**

This Contract shall not become effective until approved by the Governor of Alabama. The Contractor acknowledges and understands that this contract is not effective until it has received all the requisite state government approvals and the Contractor shall not begin performing work under this contract until notified to do so by the Department. The Contractor is entitled to no compensation for work performed under this contract prior to the effective date of this contract.

DEPARTMENT:

CONTRACTOR:

By: \_\_\_\_\_  
Jim L. Ridling  
Commissioner  
Alabama Department of Insurance

By: \_\_\_\_\_  
Taxpayer ID Number: \_\_\_\_\_

APPROVED AS TO FORM ONLY:

\_\_\_\_\_  
Legal Counsel

Alabama Department of Insurance  
Contract No.:  
Contractor:  
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Alabama Department of Insurance

APPROVED:

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Bob Riley  
Governor, State of Alabama