

PREMIUM REFUND AND RESERVE AGREEMENT (ONE-YEAR AGREEMENT – STOP LOSS)

ReliaStar Life Insurance Company
20 Washington Avenue South,
Minneapolis, MN 55440

This Agreement is effective on January 1, 2020 by and between San Joaquin Valley Insurance Authority ("Policyholder"), and ReliaStar Life Insurance Company, Inc., on behalf of itself and its subsidiary ReliaStar Life Insurance Company of New York ("ReliaStar" or the "Company," collectively referred to as "the parties").

WHEREAS, ReliaStar is an insurance company providing Individual Excess Risk Insurance to self-insured group health plans sponsored by employer groups; and

WHEREAS, the Policyholder has purchased an Individual Excess Risk Insurance policy.

Group Name San Joaquin Valley Insurance Authority Group Number 705420
(the "Policy") issued by ReliaStar; and

WHEREAS, the parties desire to enter into a premium refund arrangement whereby the Company will refund to the Policyholder a portion of the premiums paid to the Company based upon the claims experience of the Policy during the Contract Period in accordance with the terms and conditions set forth in this Agreement.

NOW THEREFORE, in consideration of the covenants contained herein the parties agree as follows:

ARTICLE I

DEFINITIONS

1. "Billed Premium" means the amount of premium billed to the Policyholder during the Contract Period.
2. "Contract Period" - means the period specified on the Excess Risk Schedule attached to the Policy.
3. "Eligible Individual Excess Risk Benefits" - means the total amount of Individual Excess Risk Expenses paid to the Policyholder as Individual Excess risk benefits under the Policy for the Contract Period.
4. "Incurred Loss Ratio" means the Eligible Individual Excess Risk Benefits paid by ReliaStar divided by the Billed Premium minus Broker Commission.
5. "Policy" - means the Individual Excess Risk Insurance policy issued by ReliaStar to the Policyholder.
6. "Surplus" means the Target Loss Ratio less the Incurred Loss Ratio multiplied by the Billed Premium minus Broker Commission.
7. "Target Loss Ratio" – means the targeted percentage of losses set forth in Article II of this Agreement determined by the Company.

All capitalized terms not defined above shall have the meaning provided for in the Policy

ARTICLE II

EXPERIENCE REFUND ARRANGEMENT

1. **Renewal Requirement.** The Policyholder agrees that the payment of any refund of a portion of the premium shall be subject to renewal of the Policy for the next following Contract Period and each subsequent renewal Contract Period while this Agreement remains in force. The Policyholder waives any and all rights to any premium refund provided for in this Agreement if the Policyholder terminates the Policy prior to the end of the initial Contract Period or at renewal of the Policy in any subsequent Contract Period.
2. **Final Audit.** The Company will conduct a final audit of all claims submitted under the Policy for the Contract Period beginning on or after one-hundred and eighty (180) days following the last day of the Contract Period. Based upon such audit, the Company will provide payment of any unpaid benefits for submitted and approved Eligible Excess Risk Expenses.

ARTICLE II (Continued)

3. **Target Loss Ratio.** The Target Loss Ratio shall be equal to 65%.
4. **Premium Refund Percentage.** The Premium Refund Percentage shall be equal to 25%.
5. **Maximum Premium Refund Amount.** The Maximum Premium Refund Percentage shall be equal to 15%. The Maximum Premium Refund Amount for any Contract Period shall not exceed the Billed Premium multiplied by the Maximum Premium Refund Percentage.
6. **Calculation of the Premium Refund.** Upon completion of the Final Audit, the Company will determine if the Policyholder is entitled to any premium refund. The amount of any premium refund shall be equal to the Surplus, if any, multiplied by the Premium Refund Percentage, but in no event greater than the Maximum Premium Amount. The amount of any premium refund, if any, shall be paid to the Policyholder
7. **Example for illustrative purposes only:**

a. Billed Premium	\$1,000,000
b. Broker Commission	10%
c. Broker Commission dollars (a x b)	\$100,000
d. Eligible Individual Excess Risk Benefits Paid	\$450,000
e. Target Loss Ratio	65%
f. Incurred Loss Ratio (d / (a - c))	50%
g. Surplus ((e - f) x (a - c))	\$135,000
h. Maximum Premium Amount Percentage	15%
i. Maximum Premium Amount (a x h)	\$150,000
j. Premium Refund Percentage	25%
k. Initial Premium Refund Amount	\$33,750
l. Maximum Premium Amount	\$150,000
m. Calculation of Premium Refund (lesser of k or l)	\$33,750

ARTICLE III

TERMANDTERMINATION

1. This Agreement shall not be effective unless signed by the Policyholder and delivered to the Company within ninety (90) days of the first day of the Contract Period.
2. This Agreement shall terminate upon the termination of the Policy.
3. This Agreement shall terminate upon one party to this Agreement providing the other party to this Agreement with ninety (90) days written notice of termination of this Agreement.

ARTICLE IV

MISCELLANEOUS

1. **Amendment.** Any amendment, change, modification or waiver of any provision relating to this Agreement must be in writing and signed by an authorized representative of the Policyholder and an authorized representative of ReliaStar.
2. **Waiver or Modification.** Failure of a party to enforce any provision of this Agreement in whole or in part shall not constitute a waiver by said party of any such provision or of any rights under this Agreement. A party's waiver of a breach of any provision of this Agreement shall not be held to constitute a course of conduct or a waiver of a subsequent breach of that or any other provision.
3. **Governing Law and Severability.** The laws of the State of Minnesota shall govern all matters concerning the validity, performance, and interpretation of this Agreement, without regard to Minnesota's conflict of laws provision. In the event that any paragraph, subparagraph or provision of this Agreement shall be determined to be contrary to governing law or otherwise unenforceable, all remaining portions of this Agreement shall be enforced to the maximum extent permitted by law; the unenforceable paragraph, subparagraph or provision shall first be construed or interpreted, if possible, to render it enforceable, and, if that is not possible, then the provision shall be severed and disregarded, and the remainder of this Agreement shall be enforced to the maximum extent permitted by law.

ARTICLE IV (Continued)

4. **Assignment.** Neither this Agreement nor any of the Reserves hereunder may be pledged, assigned or transferred, either in whole or in part, by the Policyholder without ReliaStar's prior written consent.

5. **Notices.** All notices required hereunder shall be in writing and shall be deemed given to a party (a) upon delivery to the address of such party specified below if delivered personally (*including delivery by courier*) or mailed by registered or certified mail (*return receipt requested*) or (b) upon dispatch if transmitted by telex, telecopy or other means of facsimile, in any case to the parties as follows:

If to ReliaStar:

ReliaStar Life Insurance Company,
20 Washington Avenue South,
Minneapolis, MN 55440

Attention: Claims Vice President

If to Policyholder:

Name San Joaquin Valley Insurance Authority

Address 2220 Tulare St Fl 14 City Fresno State CA ZIP 93721-2122

Attention _____

Any party hereto may change its address for delivery of notice by giving written notice thereof, as hereinabove prescribed, to the other parties hereto.

6. **Force Majeure.** Performance by a party of any obligation hereunder shall be excused if such failure to perform is caused by any event, contingency or circumstance beyond the reasonable control of such party, which prevents, hinders or makes impractical the performance of services under this Agreement, provided prompt notice thereof is given to the other party. If either party fails to perform an obligation hereunder as a result of an event or circumstances beyond its control, it shall meet such obligation within a reasonable time after the cause of such failure has been removed and the other party shall be obligated to accept such deferred performance. Obligations of the other party, the performance of which are dependent upon the performance of the obligation whose performance was delayed, shall not be considered as performed late to the extent such late performance is caused by the other party's delayed performance hereunder.

7. **Taxes.** Policyholder shall be liable for all applicable federal, state, or local taxes, however designated, which may be levied on Policyholder as a result of any premium refund or the Reserve by ReliaStar pursuant to this Agreement.

8. **Entire Agreement.** This Agreement and any applicable amendments constitute the entire agreement and sole understanding between the Company and the Policyholder. This Agreement supersedes all prior discussions, negotiations, understandings, commitments and agreements with respect to the subject matter hereof.

IN WITNESS WHEREOF, this Agreement is executed as of the date first above written.

RELIASTAR INSURANCE COMPANY


Signature 

Date 1/10/20

Name Shaun Peterson

Title VP

POLICYHOLDER

Signature 

Date 1/3/2020

Name Ernest Buddy Mendes

Title SJVA Board President