

This **BUSINESS ASSOCIATE AGREEMENT** is by and between **Capstone Health Management, Inc.**  
("Covered Entity") and ("Business Associate").

## RECITALS

The purpose of this Business Associate Agreement is to comply with the business associate requirements of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"); the Health Information Technology for Economic and Clinical Health ("HITECH") Act; and the regulations promulgated thereunder, including but not limited to 45 C.F.R. Parts 142 and 160-164, as amended (the "HIPAA Regulations").

Pursuant to an underlying agreement (the "Services Agreement"), Business Associate performs certain services (the "Services") for or on behalf of Covered Entity which involve the use or disclosure of Protected Health Information ("PHI"). Business Associate is thus subject to compliance requirements arising under HIPAA, the HITECH Act, and the HIPAA Regulations.

## AGREEMENT

### **Section 1: Compliance and Construction**

#### **A. Definitions:**

Unless otherwise defined in this Business Associate Agreement, the terms used herein, including but not limited to capitalized and italicized terms, shall have the same meaning as set forth in the HIPAA Regulations.

#### **B. Regulatory Compliance:**

Business Associate shall comply with all obligations imposed on Business Associates under HIPAA, the HITECH Act, and the HIPAA Regulations, as amended from time to time, in all matters pertaining to Business Associate's use and disclosure of PHI in connection with the Client Master Agreement.

#### **C. Interpretation and Construction:**

This Business Associate Agreement and the obligations of the parties shall be construed in a manner consistent with applicable laws and the HIPAA Regulations, as amended from time to time. If any terms of this Business Associate Agreement conflict with or are inconsistent with the terms of the Client Master Agreement, the terms of this Business Associate Agreement shall prevail.

#### **D. No Agency Relationship:**

Any ambiguity in this Business Associate Agreement shall be resolved in a manner that is consistent with compliance with the HIPAA Regulations. In the performance of services, Business Associate shall not be an agent of Covered Entity, within the scope of the definitions of agent or agency relationship under Federal common law. The parties acknowledge that Covered Entity shall not have authority to direct or control Business Associate's conduct while performing the Services to an extent or in a manner that would give rise to an agency relationship under Federal common law.

**Section 2: Permitted Uses and Disclosures****A. Limitations:**

Business Associate shall use and/or disclose PHI only as permitted or required by this Business Associate Agreement and as otherwise required by law.

**B. Permitted Disclosures:**

Business Associate may disclose PHI to, and permit the use of PHI by, its employees, subcontractors, agents, or other representatives, only if and to the extent necessary for the performance of Services for Covered Entity, or as required by law. Business Associate may use and disclose PHI in the course of the proper management and administration of Business Associate, but only in compliance with this Business Associate Agreement and only to the extent permitted pursuant to the HIPAA Regulations.

**C. Minimum Necessary Standard:**

Business Associate represents and warrants that it shall not request, and shall not access, use, or disclose more than the minimum necessary PHI in connection with the performance of Services for Covered Entity.

**Section 3: Safeguarding PHI****A. Safeguards:**

Business Associate agrees, represents and warrants that it shall maintain appropriate technical, physical, and administrative safeguards to prevent the unauthorized use or disclosure of PHI in violation of this Business Associate Agreement or the HIPAA Regulations. Business Associate shall implement administrative, physical, and technical safeguards that appropriately protect the confidentiality, integrity, and availability of PHI that Business Associate creates, receives, maintains, or transmits in electronic media in connection with Services for or on behalf of Covered Entity.

**B. Limitations on Use and Disclosure:**

Business Associate shall not use or disclose PHI in a manner inconsistent with Covered Entity's obligations under HIPAA, or in a manner that would violate the HIPAA Regulations if PHI were disclosed or used in such a manner by Covered Entity.

**Section 4: Reporting and Mitigating Unauthorized Uses and Disclosures of PHI**

- A. Manner and Timeliness of Reports:** All reports required under this Business Associate Agreement shall be in writing and be delivered without delay to Covered Entity in the format and manner designated by Covered Entity, within ten (10) business days after Business Associate has actual or constructive knowledge of the reportable event.
- B. Unauthorized Use, Access, or Disclosure:** Business Associate shall report to Covered Entity any use, access to, or disclosure of PHI that is not permitted or required under this Business Associate Agreement.
- C. Security Incidents:** Business Associate shall report to Covered Entity any security incident of which Business Associate becomes aware.

**Section 5: Breach of Unsecured PHI:****A. Cooperation:**

In the event of any breach of unsecured PHI, Business Associate shall report such breach to Covered Entity. Business Associate shall fully cooperate with Covered Entity in the determination of whether a breach of unsecured PHI occurred. Business Associate shall fully cooperate with Covered Entity all matters involving compliance with breach notification requirements pursuant to the HITECH Act and 45 CFR 164.404.

**B. Mitigation:**

Business Associate shall establish procedures for mitigating, to the greatest extent practicable, any harmful effects arising from any breach of unsecured PHI or from any other unauthorized use or disclosure of PHI.

**Section 6: Disclosure of PHI to Subcontractors, Agents, or Representatives****A. Assignment:**

Business Associate shall not assign or subcontract any of its obligations in relation to its use or disclosure of PHI in connection with the Services, except with the prior written consent of Covered Entity, which consent may be given or withheld in the discretion of Covered Entity.

**B. Written Assurances:**

Prior to disclosing PHI to any subcontractor, agent, or other representative of Business Associate that is authorized to receive, use, or have access to PHI under this Business Associate Agreement, Business Associate shall require that such subcontractor, agent, or other representative agree, in writing, to adhere to the same restrictions and conditions on the use and disclosure of PHI that apply to Business Associate under this Business Associate Agreement. Such written agreement shall identify Covered Entity as a third-party beneficiary with rights of enforcement in the event of any violation. A copy of such agreement and any amendment to such agreement shall be provided to Covered Entity upon execution.

**C. Minimum Necessary:**

Business Associate represents and warrants that any disclosures of PHI to its subcontractors, agents, or other representatives shall only be the minimum necessary to perform or fulfill a specific function required or permitted under this Business Associate Agreement.

**Section 7: Individual Rights****A. Log of Disclosures:**

Business Associate shall document all disclosures of PHI and any and all information relating to such disclosures in a manner consistent with the obligations of Business Associate and Covered Entity under the HIPAA Regulations to respond to a request by an individual for an accounting of disclosures in accordance with 45 CFR 164.528.

**B. Accounting of Disclosures:**

Within ten (10) business day of receiving a written request from Covered Entity or an individual, Business Associate shall provide Covered Entity with all information necessary for Covered Entity to comply with the requirements of 45 CFR 164.528 regarding an individual's right to an accounting of disclosures of PHI. In the event that Business Associate receives a request for access directly from an individual, Business Associate shall notify Covered Entity within ten (10) business days.

**C. Access to PHI:**

Business Associate agrees to provide Covered Entity with access to and copies of PHI, including PHI maintained in a designated record set, and shall provide electronic copies of electronic PHI in a format designated by Covered Entity, within ten (10) business days of a request by Covered Entity, consistent with the access rights of individuals under 45 CFR 164.524.

**Section 7: Individual Rights (Continued)****D. Amendments of PHI:**

Business Associate shall make any amendment(s) to PHI maintained in a designated record set that Covered Entity directs or agrees to, in a time and manner designated by Covered Entity, pursuant to the PHI amendment requirements under 45 CFR 164.526.:

**E. Restrictions**

Business Associate agrees to abide by all restrictions on the use and/or disclosure of an individual's PHI to the extent directed or agreed to by Covered Entity pursuant to 45 CFR 164.522.

**F. Revocations:**

Covered Entity shall provide Business Associate with notice of any changes in or revocation of authorization by an individual to use or disclose PHI, if such changes affect Business Associate's permitted or required uses or disclosures. Business Associate agrees to abide by all revocations of authorizations regarding the use and/or disclosure of PHI, to the extent directed or agreed to by Covered Entity.

**Section 8: Audit, Inspection and Enforcement****A. Audit:**

Business Associate agrees, upon written request of Covered Entity, to make available during normal business hours all books, records, agreements, policies and procedures relating to the use and disclosure of PHI received from Covered Entity for the purposes of enabling Covered Entity to determine Business Associate's compliance with the terms of this Business Associate Agreement and the HIPAA Regulations.

**B. Governmental Access:**

Business Associate agrees to make available all records, books, agreements, policies and procedures relating to the use and disclosure of PHI to the Secretary of the Department of Health and Human Services ("HHS"), the Office of Civil Rights ("OCR"), or their designated agents, for the purposes of determining compliance with the HIPAA Regulations and Business Associate's compliance with this Business Associate Agreement.

**Section 9: Term and Termination****A. Effective Period:**

This Business Associate Agreement shall be deemed effective as of the date on which Business Associate begins providing Services and shall continue in effect while Services continue to be performed by Business Associate. The obligations of Business Associate shall remain in effect after termination to the extent set forth herein, and as required under the HIPAA Regulations.

**B. Termination:**

Covered Entity may terminate the Services of Business Associate and this Business Associate Agreement if Covered Entity determines, in its sole discretion, that Business Associate has breached a material term of this Business Associate Agreement. Prior to such termination, Covered Entity may, in its discretion, provide Business Associate with written notice of the existence of a material breach and afford Business Associate a reasonable period in which to cure the material breach to the satisfaction of Covered Entity. In the event Business Associate fails to satisfactorily cure the material breach within such time period, Covered Entity may, in its discretion, immediately terminate the Services of the Business Associate and this Business Associate Agreement.

**Section 9: Term and Termination (Continued)****C. Post-Termination Obligations:**

Upon termination of Services for any reason, Business Associate shall immediately return or securely destroy all PHI that Business Associate received from Covered Entity, or that Business Associate created, maintained, or received, including any and all PHI in the possession of subcontractors, agents, or other representatives, and shall retain no copies. If Business Associate is of the opinion that it is not feasible to return or securely destroy any such PHI, Business Associate shall so notify Covered Entity in writing. In the event that Covered Entity, in its sole discretion, concurs that there turn or secure destruction of PHI is not feasible, Business Associate shall extend any and all protections, limitations, and restrictions contained in this Business Associate Agreement to such PHI, and shall limit any further uses and/or disclosures of PHI to those purposes that make the return or destruction of the PHI infeasible, for so long as Business Associate maintains such PHI.

**Section 10: General Provisions****A. Indemnification:**

Business Associate shall defend and indemnify Covered Entity from and against all claims, actions, administrative proceedings, losses, liabilities, civil monetary penalties, attorneys' fees, and other expenses arising in connection with Business Associate's violation of its obligations under this Business Associate Agreement, including but not limited to costs incurred by Covered Entity in relation to breach notification pursuant to the HIPAA Regulations. Business Associate's indemnification obligations under this provision shall survive the expiration or termination of the Services Agreement and/or this Business Associate Agreement.

**B. Amendment's Waiver:**

This Business Associate Agreement may not be modified, nor shall any provision be waived or amended, except in a writing duly signed by authorized representatives of the parties. A waiver with respect to one event shall not be construed as continuing, or as a bar to or waiver of any right or remedy as to subsequent events. The parties agree to promptly take such action as Covered Entity deems necessary to amend this Business Associate Agreement from time to time as necessary for Covered Entity to comply with the requirements of HIPAA.

**C. Notices:**

Any notice to be given under this Business Associate Agreement shall be made by hand delivery, commercial courier, or certified mail with return receipt requested, or by such other method as a party may designate by written notice and shall be deemed effective upon receipt or three days after postpaid mailing, whichever occurs first.

**SIGNATURE PAGE FOR EXECUTION FOLLOWS**

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**Section 11: Execution**

The signatures on behalf of CHM and Client below constitute execution of this Client Master Agreement.

**Capstone Health Management**

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Authorized Signature

Thomas P. Botts

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Printed Name

Managing Partner

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Title

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Date

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Client Company Legal Name

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Authorized Signature

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Printed Name

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Title

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Date

The information below is basic Company information provided to Capstone Health Management in conjunction with the adoption of the Capstone Health Management Program. In order to adopt the Plans named herein, the appropriate Company official must execute each plan’s respective Adoption Agreement.

**COMPANY INFORMATION**


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 Employer Name

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 Mailing Address City State Zip


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 Physical Address City State Zip


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 Phone Number Fax Number


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 Contact Person Telephone Number Email:


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 Mailing Address City State Zip

Unless otherwise provided the Employer will be the Plan Sponsor, the Plan Administrator and the Plan Name will begin with the Employer’s Name.  Yes  No *(If No, please provide the appropriate name)*

Employer fiscal year end:  Calendar Year  Other: (Month &Year)

Employer entity type:  C Corp  S Corp (Taxed as S Corp-pass thru, partnership, or sole proprietor)  
 S Corp (Taxed as C Corp)  LLC (Taxed as S Corp-pass thru, partnership, or sole proprietor)  
 LLC (Taxed as C Corp)  LLP Partnership  Sole Proprietorship  Not-For-Profit  
 Government Agency  Church or Religious Affiliate  Other:

Employer’s State of Organization

Employer’s EIN:

**Please provide the Employer’s Ownership**

Owners Name	Ownership %

**Please provide Company Officers Names and Title**

Officer’s Name	Title

Please provide the name of other organizations that any owner listed has an ownership interest or an affiliation.

Owners Name	Company Name	Ownership %
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>

**Please provide the benefits sponsored by the Employer.** (Select ALL that apply)

- Wellness  Medical  Dental  Vision  Cancer  Critical Illness  Hospital Indemnity  
 Life/AD&D  Short-Term Disability  Long-Term Disability  I.R.C. Code Section 125 Plan  
 Flexible Spending Account  Dependent Care  HRA  HSA  Other

**If the plans listed above, includes a I.R.C. Code Section 125 Plan, will the current document be** (Select one)

- (1) amended to include the Wellness Programs,  (2) be restated to include all benefits in the Capstone Health Management Program or  (3) remain unchanged and another cafeteria plan executed for the Wellness Program only?

**\*NOTE: THE EXISTING I.R.C. SECTION 125 PLAN DOCUMENT MUST BE ATTACHED.**

**Do any of the Plans listed above have 100 or more participants?**  Yes  No **If Yes, is the Employer filing Annual Form 5500(s)?**  Yes  No

### PLAN INFORMATION

**1. What is the effective date of the Wellness Program?** (Month, Day, Year)

**2. What is the plan year end of the Wellness Program?** (Month, Year)

### PLAN ELIGIBILITY

**1. Eligible Employees Shall NOT include:**

- Employees **NOT** covered under an Employer Sponsored Medical Insurance Plan:
- **Non-Resident Aliens:** Any Employee who is a non-resident alien who received no earned income (within the meaning of Code section 911(d)(2)) which constitutes income from services performed within the United States (within the meaning of Code 861(a)(3)).
- **Leased Employees.**
- Employees who are working as a(n) Seasonal Employee, Temporary Employee, Intern, Independent Contractor, Non-W-2 employee; and
- Any of the following groups Selected by the Employer as Excludable:
  - Union. Any Employee who is included in a unit of Employees covered by a collective bargaining agreement, if benefits were the subject of good faith bargaining, and if the collective bargaining agreement does not provide for participation in this Plan.
  - Part-Time. Any Employee who is expected to work less than 30 hours per week.
  - Other. Other Employees:

**NOTE: The Plan may not discriminate in favor of highly compensated employees (within the meaning of Code section 105(h)(5)) as to benefits provided or eligibility to participate.**



**PLAN ELIGIBILITY (continued)****2. Age and Service Requirements to Participate in the Plan:**

Minimum Age: Minimum Service:

**3. Plan Entry Dates:**

- Allow ALL Eligible Employees employed on the Plan's Effective Date to participate?  Yes  No
- Entry Dates shall be the first day of each month after the Age and Service Requirements of the Plan are met.

**4. Former Employees are NOT eligible to participate in the Plan after Termination.****5. Owners who are more than 2% S corporation shareholders, partners, and sole proprietors are not eligible to participate.****6. Termination of Participation shall include:**

- The date the Participant is no longer employed.
- The date the Participant ceases to be an Eligible Employee.
- Other:

**7. Automatic Enrollment** will apply to the Section 125 Cafeteria Plan of the Wellness Program.**8. Participant Contribution Amounts:** Participant elections will be automatically adjusted for changes in the cost of Employer-sponsored Contracts pursuant to the terms of Treasury Regulation 1.125-4.**9. Change in Status:** An Eligible Employee may change his or her election upon the change in status at any time permitted under Treasury Regulation Section 1.125-4 and other times as permitted by IRS guidance.**BENEFITS****1. Eligible Expenses** shall include: Medical expenses defined under the Company Wellness Plan including medical expenses, preventative care expenses, and program enrollment costs.**2. Covered Person** under the Plan(s) shall include participant, spouse, and dependents. The Participant, his or her spouse and all dependents within the meaning of Code section 152 as modified by Code section 105(b), and any child (as defined in section 152(f)(1)) of the Participant until his or her 26th birthday.**3. Self-Insured Medical Reimbursement Account****4.** The maximum annual amount that will be credited to a Participant's Medical Reimbursement Account in any Plan Year for the applicable coverage category (Section 4.01):

- One Covered Person (Participant only): \$9,600
- Two Covered Persons (Participant plus one other Covered Person): \$13,500
- More than two Covered Persons (Family coverage): \$13,500

**5.** Under the Plan, there is no annual Self-Insured Medical Reimbursement Account deductible in any Plan Year.

**EMPLOYER APPROVAL**

**Failure to complete this Addendum A properly may result in the failure of the Plan(s) to achieve the intended tax consequences. Further, if incomplete and/or incorrect information is provided and prepared documents must be redrafted, fees for revised documents may be charged to the Employer.**

The Plan(s) shall consist of the Adoption Agreement(s), its related Basic Plan Document and any related Appendix and Addendum to the Adoption Agreement. To be effective, the Employer **MUST** execute each document as indicated.

Your signature, as the Employer, indicates that you have reviewed and approve the information provided. Further, you are adopting the Capstone Health Management. Legal documents will be prepared to fulfill your adoption of the Program. The cost to prepare these documents are included in the cost of the Program, however if you decide not to install the program and the legal documents have been prepared, you agree Capstone Health Management has the right to charge a fee for the document preparation.

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Signature:

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Date:

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Print Name:

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Title/Position:

This Client Master Agreement is made between the **CLIENT**; a (select one:  sole proprietorship,  partnership,  corporation,  S corporation,  L.L.C. or professional corporation) as defined in SECTION 17: EXECUTION and **CAPSTONE HEALTH MANAGEMENT, INC** a North Carolina company, located at 1028 Lee Ann Dr NE Suite 305 Concord, NC 28025 hereinafter referred to as (CHM).

**WHEREAS;** CHM, by and through its agent of record, offers a SIMRP program consisting of the CHM Section “125” Plan, CHM Wellness Plan and the CHM SIMRP Plan to qualified Clients and wishes to extend such program to the employees of Client;

**WHEREAS;** Client has established the SIMRP wellness program under I.R.C. 125, 105 and 106 and wishes to utilize CHM as the Plan Administrator; and

**WHEREAS;** the Plan Year shall be stated in the SIMRP Plan Documents.

**NOW, THEREFORE;** in consideration of the promises and mutual covenants contained in this Agreement, the parties covenant and contract as follows:

#### **TERM**

The term of this Agreement shall begin on the date signed on page 6 below and, except as described in Section 5. below, continue for a period of not less than one (1) year from the date hereof and for successive periods of one (1) year thereafter unless terminated by either Party pursuant to Section 5 of this Agreement. Termination of this Agreement shall not relieve either party of any obligations that it should have performed prior to the date the Agreement is terminated.

#### **SECTION 1: RESPONSIBILITY OF CAPSTONE HEALTH MANAGEMENT**

CHM shall develop annually a proposal for each eligible employee and present said proposal to Client for review. At Client’s discretion, Client may reduce the out-of-pocket costs of certain employees. A licensed benefits advisor shall, either in person or electronically, be engaged by each employee for the purpose of explaining fully insured quotes associated with the offer.

Upon eligibility and notification by Client, a licensed benefits advisor shall meet annually with each eligible employee for the purpose of enrolling employee under the program either in person or electronically. Each Employee Understanding and Disclosure shall be made a part of this Agreement.

All employee wellness contributions shall be pre-paid on a pre-tax basis.

CHM understands that it is being provided access to confidential payroll records of Client and that said payroll records and information contained herein shall remain confidential by CHM, its employees, agents and independent contractors. For the purpose of this section, CHM is viewed as a business associate and shall be subject to applicable business associate agreements with the Client.

**SECTION 2: RESPONSIBILITIES OF CLIENT**

At least 60 days prior to each open enrollment date, the Client agrees to provide annualized employee payroll census and demographic data to determine the employees eligible for enrolment in the Plan. To be eligible an employee must meet minimum standards of known income of above minimum wage for a full-time employee working at least 30 hours a week. Employees participating in health savings accounts, and health reimbursement accounts without employer-sponsored group medical, may not be eligible for participation.

Client agrees to provide access to all employees' payroll information upon request for the purpose of conducting enrollments. Client further agrees to release this information to CHM on an annual basis to recalculate, annually, each employee's Voluntary Benefit Reserve and employer savings through the program.

Client shall provide access to newly eligible employees during the applicable enrollment period.

Client agrees to pay CHM a \$35.00 monthly fee per participating employee. Client's employees shall pay monthly CHM an administrative fee of \$80.00 for serving as plan administrator. Client agrees to collect through payroll deduction the fees of the employees due for the program. Client shall incorporate, under the SIMRP, reimbursements into the employee's periodic paycheck. Such amounts shall be netted out of payments and the net amount shall be deposited to a Client-established account.

CHM's designated Third-Party Administrator will collect via ACH from the Client all fees due for the program and any related voluntary benefits and services. CHM will work with the Client and the Third-Party Administrator to establish a payment schedule during implementation of the program.

Client will be charged \$100.00 for an insufficient balance if monies are not available at the time of collection. A 1.5 percent late fee (18% compounded annually) will be assessed per month on any outstanding balances that are more than 30 days past due under the payment schedule.

If Client's employee meets certain criteria established by CHM and the SIMRP, the employee may be reimbursed all or a portion of the premium charged to the employee by the Client. Under the SIMRP plan, Client may provide reimbursements to the employees for personal health insurance premiums or medical expenses, which are tax-free. Client agrees to comply with HIPAA Privacy Rules as well as rules under the ACA.

Client agrees to make all eligible employees available for a one-on-one explanation of benefits during the scheduled open enrollment period and every eligible employee must sign an Employee Understanding and Disclosure stating their wish **TO PARTICIPATE or NOT TO PARTICIPATE** in the benefits offering. The Client will help Capstone Health Management's representatives assist with compliance by insuring all employees are seen and proper deductions and/or waivers of participation, for each employee, are signed.

### **SECTION 3: USE OF A THIRD-PARTY ADMINISTRATOR FOR PAYMENT**

Client also agrees to have all invoices associated with this agreement, as well as any related voluntary benefits and services sent, processed and paid via CHM's designated Third Party Administrator for reconciliation and payment. Client's signatory agrees to the above provision for payment and acknowledges their understanding by initialing here:

### **SECTION 4: INTENT OF INDEPENDENT CONTRACTOR STATUS**

CHM warrants that CHM and its subcontractors are independent contractors and any contractor or recruiter of CHM or its subcontractors is an independent contractor and not an employee of Client for purposes of any work performed under this Agreement. The relationship between Client and CHM is a relationship of pure contract. No representation shall be made by any party that would create an apparent agency, employment, joint venture or partnership, and neither party shall have the authority to act for the other party in any manner except as provided in this Agreement. And, while Client is acquainted with CHM's method of operations and sales materials, it is understood that Client does not have the right of control over CHM or its subcontractors or its subcontractors' performance under this Agreement. CHM warrants that CHM and its subcontractors are independent contractors as to Client for the purpose of federal and state taxes, medical benefits, workers' compensation benefits, etc.

Parties agree to indemnify and hold the other party harmless, including reasonable attorneys' fees incurred, from any loss, cost or expense arising from any claim against the other party arising from any alleged joint venture, partnership or agency relationship between Client and CHM or CHM's subcontractors, employees, or agents, or involving any fraud, deception, false statement or misrepresentation by the other party including any claims based on overcompensation of agent or lack or insufficiency of service.

Parties are responsible for all of their own expenses incurred in performing services under this Agreement. Parties understand that they have no authority to contract in the name of or on behalf of the other party.

### **SECTION 5: TERMINATION**

Ninety (90) days before end of each one-year term, this Agreement is terminable by either party without cause. In the event of a breach, violation, or default ("Breach") of any term or condition of this Agreement by one party, the other party shall have the absolute right to immediately terminate this Agreement by giving written notice of termination to the Breaching party. At the option of the non-breaching party the termination date shall be the either the date of the Breach, the date it sends notice, the date notice is received by the Breaching party, or any later date selected by the non-breaching party.

In addition to any other Breach, the following shall be deemed Breaches giving rise to the non-breaching party's right of termination (i) a party's failure to pay any monies when due as required by this Agreement; (ii) the closing or sale of a facility or operation, (iii) Client transfers its business to a third party, or (iv) a party's current equity owners fail to maintain at least a majority ownership in the party; (v) the filing of a petition for reorganization, bankruptcy, receivership or insolvency by or against a party or if a party makes any assignment for the benefit of creditors; (vi) Client's misrepresentation of employees' employment rolls, employee payroll hours, pay rates or salary, or related to (vii) acts, errors or omissions, (whether negligent or willful) by CHM while performing Services under this Agreement; (viii) violations of any statute, law or regulation by CHM; or (ix) CHM's failure to perform any of its obligations under this Agreement.

**SECTION 6: INDEMNIFICATION**

CHM agrees to indemnify, hold harmless, protect and defend Client, all of Client's subsidiaries, affiliates and parent entities and their shareholders, agents, attorneys and employees from all claims, out-of-pocket expenses, reasonable attorney's fees and court costs, damages (including compensatory and punitive damages) and liabilities arising from or related to:

1. Acts, errors or omissions, (whether negligent or willful) by CHM while performing services under this Agreement
2. Violations of any statute, law or regulation by CHM
3. CHM's failure to perform any of its obligations under this Agreement.

Client agrees to indemnify, hold harmless, protect and defend CHM, all of CHM's subsidiaries, affiliates and parent entities and their partners, agents, attorneys and employees from all claims, reasonable attorney's fees and court costs, out-of-pocket expenses, damages (including compensatory and punitive damages) and liabilities arising from or related to:

1. Acts, advice, errors or omissions (whether negligent or willful) by Client or by an employee while performing services in furtherance of Client's business
2. Violations of any statute, law or regulation by Client or an employee
3. Breaches of contract attributed to Client or to an employee
4. Client's failure to perform any of its obligations under this Agreement
5. Failure by Client to authorize or make payments due to employees under any law or under a policy or agreement with Client, such as pay for commissions, bonuses, taxes, profit sharing, severance, other compensation, vacation, or other paid time off.

All indemnity obligations hereunder are without monetary limit and without regard to the cause thereof, including the negligence of either party, whether the negligence is sole, joint, comparative or contributory. If such indemnification is for any reason not available or insufficient to hold the indemnitee harmless, the indemnitor agrees to contribute to the losses involved in such proportion as is appropriate to reflect the relative benefits received (or anticipated to be received) by each party with respect to the matters contemplated by this Agreement or, if such allocation is judicially determined to be unavailable, in such proportion as is appropriate to reflect the relative benefits and equitable considerations such as the relative fault of the parties. The indemnification provisions of this Agreement shall survive indefinitely the expiration or other termination of this Agreement.

CHM has contracted with a third-party indemnifier to provide Client with indemnification from losses which may occur should the pre-tax status of the Client's employees' wellness contributions through its SIMRP Plan fail to qualify under I.R.C. 125, 105 and 106. A Certificate of Indemnification along with the terms and conditions thereof will be provided as part of the CHM Employer Package. Client acknowledges and agrees that the third-party indemnification is in substitution and lieu of any further indemnification by CHM regarding the pre-tax qualification of Client's employees' contributions.

**SECTION 7: GOVERNING LAW AND VENUE**

This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to principles of conflicts of law. Client hereby irrevocably submits itself to the personal jurisdiction of the courts in and for Onondaga County, NY, in the United States District Court, Northern District of New York, Middle Division, and Client hereby waives, to the full extent permitted by law, any objection that it may now or hereafter have to the laying of venue of any such action in such court and any claim that any such action, suit or proceeding ("Action") has been brought in an inconvenient forum. The parties desire to have any Action filed by either of them to be tried before a judge or judicial panel without a jury, and therefore:

1. Agree not to elect a trial by jury of any issue triable of right by jury, and
2. Waive any right to trial by jury fully to the extent that any such right shall now or hereafter exist. This waiver of right to trial by jury is separately given, knowingly and voluntarily, by each of the parties hereto, and this waiver is intended to encompass individually each instance and each issue as to which the right to a jury trial would otherwise accrue. Client hereby certifies that no representative or agent of CHM has represented expressly or otherwise, that CHM will not seek to enforce this waiver of right to trial by jury.

**SECTION 8: INTEGRATION**

This Agreement, and any signed addendum attached hereto constitute the entire agreement between the parties regarding this subject matter and supersedes any and all agreements, whether oral or written, between the parties with respect to this subject matter. Client acknowledges that it has not been induced to enter into this Agreement by any representation or warranty not set forth in this Agreement, including but not limited to any statement made by any employee or marketing agent of CHM. Client acknowledges that CHM has made no representation that CHM's Services will improve the performance of Client's business.

**SECTION 9: SEVERABILITY**

Should any term, condition or provision of this Agreement be held to be unenforceable, the balance of this Agreement shall remain in force as if the unenforceable part did not exist. The captions in this Agreement are provided for convenience only and are not part of the terms and conditions of this Agreement.

**SECTION 10: MODIFICATION**

Except as otherwise provided in this Agreement, CHM may amend the terms and conditions of this Agreement by giving 30 day's written notice to Client. Any other modifications to this Agreement must be in writing and executed by Authorized Representatives of both parties to be enforceable.

**SECTION 11: REMEDIES NOT EXCLUSIVE**

The rights and remedies provided herein shall not be exclusive and both parties shall have rights and remedies now or hereafter provided by law in addition to those provided for in this Agreement. Institution of an action to effect collection of payment of an amount in default or the entry of a judgment in such action shall not be deemed to be an election by CHM nor shall it bar CHM from pursuing other remedies available to it at law or in equity.

**SECTION 12: TIME OF ESSENCE**

Time of performance by the Parties is of the essence.

**SECTION 13: ATTORNEY'S FEES**

If either party refers a matter to a collection agency or brings other action as a result of a Breach of this Agreement, the prevailing party in such collection proceeding or action shall be entitled to reimbursement for its reasonable attorney's fees and other costs and fees incurred in such collection or action in addition to any other relief to which the party may be entitled.

**SECTION 14: NO PARTNERSHIP OR AGENCY**

Nothing set forth herein shall be deemed to create a partnership or joint venture between Client and CHM, and no fiduciary duty shall arise from the relationship created herein. In no event may either party act as the agent of the other party unless specifically authorized in writing to do so.

**SECTION 15: TRANSFERABILITY**

Client shall not transfer or assign its rights or obligations hereunder. CHM reserves the right to transfer its rights, duties, and obligations hereunder.

**SECTION 16: NOTICES**

Any notices under this Agreement shall be in writing and deemed given; (i) on the delivery date if delivered personally or by local commercial delivery service or if sent by facsimile transmission with printed verification of delivery; (ii) one business day after deposit with a commercial overnight carrier, with written verification of receipt; or (iii) five business days after mailing date whether or not actually accepted by addressee, if sent by U.S. mail, return receipt requested, postage and charges prepaid, or any other means of delivery for which a receipt is available.

**SECTION 17: EXECUTION**

The signatures on behalf of CHM and Client below constitute the execution of this Client Master Agreement and agreement to use Capstone's designated Third Party Administrator and Electronic Funds Transfer to facilitate payment.

**CAPSTONE HEALTH MANAGEMENT**

---

Authorized Signature

Thomas P. Botts

---

Printed Name

Managing Partner

---

Title

---

Date

---

Client Company Legal Name

---

Employer's Tax Identification Number (EIN Number)

---

Authorized Signature

---

Printed Name

---

Title

---

Date



**OVERVIEW**

Providing healthcare, benefits, and improving your employees' health and financial wellbeing are all extremely challenging in today's environment. Implementing Capstone Health Management will help you successfully address these challenges.

**Exclusive Advantages of the Capstone Health Management**

- No employer out-of-pocket cost for SIMRP plan document creation, setup, and compliance assistance. The potential to reduce your firm's healthcare costs.
- Eligible employees can receive supplemental benefits with, usually, no reduction in take-home pay. Employer saves FICA taxes on employee pre-taxed dollars.

**PROGRAM IMPLEMENTATION REQUIREMENTS**

The following program implementation requirements ensure your firm, and your employees, maximize the benefits from Capstone Health Management. These steps allow us to work with you every step of the way to make your start with Capstone successful.

**Employer Obligations:**

- Make all currently eligible employees available for a one-on-one explanation of benefits.
- Ensure every eligible employee signs a "Employee Understanding and Disclosure" form stating their decision to participate or not to participate in Health & Wellness and other benefit offerings.
- Make all new employees or employees that become eligible for benefits through your Cafeteria Plan available to your insurance broker, or their representative, to discuss the options available.
- Provide Capstone Health Management with a complete, current, and accurate Employee Census with all relevant information to ensure all employee Voluntary Benefit Reserves, payroll information, employer savings and any other items are accurately calculated. Further, provide an updated Employee Census annually to ensure that the above information can be updated as necessary.

**EXECUTION**

By executing this Employer Implementation Assistance Agreement, the Client firm agrees to fulfill all the Employer Obligations detailed above and provide other reasonable assistance to ensure a successful and accurate implementation of the Capstone Health Management.

**CAPSTONE HEALTH & MANAGEMENT**

  
\_\_\_\_\_  
Authorized Signature  
  
Thomas P. Botts  
\_\_\_\_\_  
Printed Name  
  
Managing Partner  
\_\_\_\_\_  
Title  
  
\_\_\_\_\_  
Date

\_\_\_\_\_  
Client Company Legal Name  
  
\_\_\_\_\_  
Authorized Signature  
  
\_\_\_\_\_  
Printed Name  
  
\_\_\_\_\_  
Title  
  
\_\_\_\_\_  
Date



The Capitol Group Administration Services, Inc.  
Premium Administration  
P.O. Box 71953  
Richmond, Virginia, 23255

Telephone  
1-800-527-0669 Facsimile  
804-741-9226  
www.capitol-group.com

Authorization for Automatic Payment of Premium

*Please complete this form to authorize monthly withdrawals for payment of premium.*

*To set up Automatic Payment of Premium, we must receive written approval from our financial institution and authorize a one time test connection to validate account information.*

1. Capstone Employer Account Information

Name \_\_\_\_\_

Address \_\_\_\_\_  
(Street) (Suite#)  
\_\_\_\_\_  
(City) (State) (Zip)

Phone: (\_\_\_\_) \_\_\_\_\_

2. Employer Bank Account Information\*

Name of Financial Institution: \_\_\_\_\_  
ACH/Routing Number: \_\_\_\_\_ Account Number: \_\_\_\_\_  
 Savings  
 Checking

\*Bank account must be in employer's name.

3. Payment Information

Capstone participant premiums and administration fees  
\_\_\_\_\_  
\_\_\_\_\_

4. ACH Withdrawal Authorization and Signature

I authorize The Capitol Group Administration Services, Inc. to initiate a one-time ACH connection from the bank account indicated above, and to continue future ACH transfers for the employer account coverage(s) listed above until written authorization to change or terminate. I certify that I am an authorized signor of the bank account indicated above.

Bank Account Holder's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

A copy of this authorization shall be as valid as the original

PLEASE RETAIN A COPY OF THIS FORM FOR YOUR RECORDS



## Signature Electronic Delivery Policy Consent

### Electronic Delivery Policy and Your Consent

Please read the following carefully and keep a copy for your records. By signing below, you are agreeing that you have received our Electronic Delivery Policy and consent to receive notices and disclosures to use electronic signatures instead of paper documents, and to otherwise transact business electronically. If you do not agree, you will not be permitted to proceed.

### Scope of Consent

You consent to receive all communications, including notices, agreements, legally required disclosures or other documents or information (collectively, "Notices"). All Notices provided electronically will be considered "in writing" and have the same meaning and effect as if provided in paper format. You should print or download copies of any Notices for your records.

### Paper Copies

You have the right to receive a paper copy of any Notices and can request a paper copy by contacting us at [clientsupport@capitol-group.com](mailto:clientsupport@capitol-group.com) or 1-800-527-0669. Our mailing address is P. O. Box 70070, Henrico, Virginia 23255. Please provide your name, address, and the name of the document you are requesting.

### Right to Withdraw Consent

You have the right to withdraw your consent to receive Notices or sign documents electronically at any time. You may do so by contacting us at [clientsupport@capitol-group.com](mailto:clientsupport@capitol-group.com), 1-800-527-0669, or at our mailing address: The Capitol Group of Companies, P. O. Box 70070, Henrico, Virginia 23255. However, if you withdraw your consent, we will no longer communicate with you electronically and all Notices will be sent to you by U.S. Mail. The withdrawal of your consent will be effective only after we have a reasonable amount of time to process the withdrawal.

### Updating Contact Information

It is your responsibility to provide us with accurate contact information and to promptly update us of any changes. You may update your contact information by notifying us [clientsupport@capitol-group.com](mailto:clientsupport@capitol-group.com), 1-800-527-0669, or at our mailing address: The Capitol Group of Companies, P. O. Box 70070, Henrico, Virginia 23255.

### Hardware and Software Recommendations

In order to access, view and store the electronic Notices that we provide to you, we recommend you have the following:

An internet equipped device with a screen no smaller than seven inches diagonal, a PDF reader and one of the following browsers installed: Internet Explorer, FireFox, Safari or Chrome.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Signature  
Printed Name  
Date

## INDEMNIFICATION AGREEMENT

This Indemnification Agreement (the "Indemnification") is an endorsement to and part of the Master Services Agreement ("MSA") dated \_\_\_\_\_, by and between CEHAS Inc., a Wyoming Corporation with offices at 30 N Gould St, Suite R, Sheridan, Wyoming 82801 ("CEHAS") and \_\_\_\_\_ ("Client").

### RECITALS

WHEREAS, CEHAS and Client are parties to that certain MSA, which incorporates by reference this Indemnification, pursuant to the SIMRP offered to Client;

WHEREAS, CEHAS desires to indemnify Client for certain obligations directly related to that certain MSA and SIMRP, as further described herein.

NOW THEREFORE, in consideration of the mutual and several promises and undertakings herein contained, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties agree as follows:

1. Description of the SIMRP Claim. CEHAS will indemnify Client for, and pay on their behalf, a Loss on account of a Claim reported to CEHAS during the Contract Period for (1) unpaid FICA taxes, (2) unpaid FUTA taxes, (3) interest and penalties directly related to the underpayment of FICA and FUTA taxes, and (4) provisional defense costs incurred, subject to limitations stated in Section 4 of this Indemnification Agreement. SIMRP Claims must be directly assessed and specifically set out in a written notice from a Taxing Authority (collectively, "SIMRP Claim"). Notice of claim must be submitted via certified mail:

ATTN: Anthony Wilmoth  
P.O. Box 70070  
Richmond, Virginia 23255
2. Eligibility. Subject to the limitations and exclusions below, this Indemnification is effective upon execution of that certain MSA by and between CEHAS and Client.
3. Term and Termination.
  - a. Term. This Indemnification shall remain in effect during the applicable Term of the MSA, while this MSA is in Good Standing (as that term is defined below) with no gap in MSA contract, and subject to applicable statutes of limitation. Indemnification shall not apply to any Term Period prior to the Effective Date of the Initial Term.
  - b. Termination. The Indemnification shall terminate upon the expiration or termination of the MSA.
4. Limitations and Exclusions.

No coverage or reimbursement shall be provided under this Indemnification for that portion of Loss arising out of or resulting from:

- a. any loss not indemnified under this Indemnification Agreement;
- b. due to any willful violation of law, dishonest or criminal act by the Client, a partner therein, or any officer, employee, director, trustee, or agent thereof, while working or otherwise and whether acting alone or in collusion with others;
- c. any Change in Law; provided this exclusion shall not apply to (i) the amount of Loss incurred in any tax year, or the portion of any tax year, prior to the time the Change in Law became effective or (ii) any change in applicable tax rates;
- d. the filing of any tax return or amended tax return (including any information return, report, statement, schedule, notice, form, estimate or declaration or election) by the Client or an affiliate of the Client for a period ending prior to the issuance of this Indemnification with any Taxing Authority that is inconsistent with the Insured Tax Position, unless filed with the prior consent of CEHAS;
- e. termination of this MSA
- f. Taxes due by employer unrelated to this MSA
- g. incurring defense costs by non CEHAS pre-approved defense counsel.
- h. the settlement of any Loss by Client without the prior written consent of the CEHAS;
- i. the failure of the Client to submit a Claim Notice under Section 6 below to CEHAS;

5. Reporting.

- a. The Client shall deliver a Claim Notice to the appointed agent, Anthony Wilmoth, PO BOX 70070, Richmond VA 23255, as soon as reasonably practicable after the Client obtain
- b. Actual Knowledge of a Claim but in no event later than thirty (30) days after the Client obtains such Actual Knowledge.
- c. The Claim Notice shall include, to the extent known based on information then reasonably available to the Client, a description of the material facts, matters or circumstances leading up to the delivery of the Claim Notice, including a recitation of how and when the Client received written notice from the Taxing Authority challenging the Tax Position and any material supporting documentation provided by the Taxing Authority concerning the Tax Position.
- d. If the Client receives written notice from the Taxing Authority indicating the commencement of, or its intention to commence, an audit or examination of a tax return containing a Tax Position, the Client shall give written notice of such audit or examination to CEHAS as soon as reasonably practicable after the Client obtains Actual Knowledge of such audit or examination but in no event later than thirty (30) days after the CEHAS obtains such Actual Knowledge.
- e. If a Claim Notice or notice of an audit or examination as described in Section 6.c is provided to the Client during the Term then any Loss arising out of such Claim, or the facts, matters or circumstances underlying such audit or examination shall be deemed reported at the time such Claim Notice or notice of audit or examination was received by the CEHAS. Notwithstanding the foregoing, CEHAS shall not assert that such notice is untimely or such notice otherwise prohibits or affects insurance coverage hereunder for

such Claim unless the CEHAS is materially prejudiced by such untimely notice, as determined by a Final Adjudication rendered only after the Client has exhausted all other reasonable means of whether it has been materially prejudiced and then, only to the extent of such material prejudice.

6. Defense and Settlement.

- a. With respect to any Claim, the Client shall:
  - i. have the duty to defend and contest any Claim;
  - ii. agree to retain legal counsel chosen and provided by CEHAS;
  - iii. not agree to any settlement, stipulate to any judgment, incur any Defense Costs for which the CEHAS is responsible under this Indemnification, or admit any liability or assume any contractual obligation, without the CEHAS's prior written consent;
  - iv. not intentionally take any actions that would reasonably be expected to materially prejudice the CEHAS's position or its potential or actual rights of recovery;
  - v. use commercially reasonable efforts to provide the CEHAS with all reasonably available information, assistance and cooperation which the CEHAS may reasonably require; and
  - vi. Upon request by CEHAS, make any documents in their possession or control available to CEHAS.

7. Limit of Liability. Limit of Liability under this Indemnification is on a per member basis. The maximum Limit of Liability amount payable under this Indemnification is 7.65% of pre-tax premium plus interest and penalties during contract period, based upon each month or part of a month that an individual is employed and enrolled in the Contract. In no event shall the Limits of Liability exceed a 3 consecutive year look back period.

8. Client's Obligations. Client shall cooperate with CEHAS and, in a reasonably timely manner, provide CEHAS with reasonably complete and accurate information in connection with a Claim Notice or other matter relating to this Indemnification. Such cooperation shall include at the CEHAS's reasonable written request, to the extent permitted by law and subject to existing confidentiality obligations:

- a. permitting the CEHAS, at Client's sole cost and expense, to examine, photocopy and take extracts from the books, data, files, records and information of the Client relevant to the Tax Position and only during normal business hours and upon reasonable prior written notice to the Client at any time during the Term and any extension thereof and within one (1) year after the final termination of this Indemnification and one (1) year after the termination of all outstanding liability on all issued warranties;
- b. using commercially reasonable efforts to provide access to the CEHAS's representatives for interviews and depositions during normal business hours and at reasonable locations and only upon reasonable advance notice;
- c. not executing or granting any waiver or consent with a Taxing Authority extending any statute of limitations for the assessment or collection of any taxes covered by

the Tax Position without the written consent of CEHAS, which shall not be unreasonably withheld, conditioned, or delayed; and

- d. defending the Claim as if uninsured and undertaking all reasonable actions to mitigate any Loss or potential Loss.

9. Miscellaneous.

- a. Headings. The descriptions and headings and sub-headings of this Indemnification are solely for convenience, and form no part of the terms, conditions and limitations of coverage.
- b. Changes. No waiver or change of the terms of this Indemnification shall be made except by endorsement issued to form part of this Indemnification and signed by a duly authorized representative of each party.
- c. Fraud and Misrepresentation. This Indemnification shall be void if the Client has concealed or misrepresented or created any material fact or circumstance concerning this insurance or the subject thereof in case of any fraud, attempted fraud or submission of false or inflated claims or false swearing by the Client touching any matter relating to this insurance of the subject thereof, whether before or after a loss.
- d. Notice. All notices under this Indemnification shall be given in writing or by email to the address listed in the MSA. Any notice under this Indemnification shall be effective on the date of receipt by the CEHAS.
- e. Entire Agreement. The MSA, which incorporates by reference the BAA between CEHAS and Client and this Indemnification, constitutes the entire agreement between CEHAS and the Client.
- f. Counterparts. This Indemnification may be executed in multiple separate counterparts, each of which shall be deemed to be an original, and all such separate counterparts shall constitute but one instrument. Signatures of the parties transmitted by facsimile, portable document format (".pdf") or other electronic means complying with the U.S. federal ESIGN Act of 2000 (e.g., [www.docuSign.com](http://www.docuSign.com)) shall be deemed to be their original signatures for all legal and other purposes.
- g. Governing Laws: This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia.

10. Definitions. The following definitions shall apply to this Indemnification:

- a. "Actual Knowledge" means with respect to a particular statement, that the relevant person has actual personal conscious awareness that such statement is materially inaccurate. Actual Knowledge does not include any constructive or imputed knowledge or knowledge imputed from any other person or entity including, without limitation, any advisers, consultants, agents or other representatives of any such person. Actual Knowledge does not include, imply or require any duty or obligation of inquiry.
- b. "Additional Taxes" means the amount of additional FICA and FUTA taxes owed by a Client to any Taxing Authority as a result of, in whole or in part, the accuracy, inapplicability, revocation or disallowance of the Tax Position pursuant to a Final Adjudication.
- c. "Claim" means: the receipt by the Client of any written notice from a Taxing Authority

alleging that the Tax Position, in whole or in part, is invalid, including a 30-day letter or notice of deficiency; or the Taxing Authority's written request to the Client to toll or waive the statute of limitations with respect to the Tax Position.

- d. "Claim Notice" means the written notice of any Claim provided to the Client pursuant to Section 6.
- e. "Change in Law" means a change in the Code, or the promulgation of final or temporary U.S. Treasury regulations thereunder, enacted after the effective date of this Indemnification where such change is material and adverse to the CEHAS's liability under this Indemnification.
- f. "Code" means the Internal Revenue Code of 1986, as amended, and the Treasury regulations promulgated thereunder.
- g. "Contract" means a program administered as contracted for with The CEHAS, INC and incorporated herein by reference.
- h. "Defense Costs" means that part of a Loss consisting of: (1) reasonable costs, charges, fees (including, attorneys' fees, accountants', consultants' and other experts' and professionals' fees, costs and expenses) and expenses (other than regular or overtime wages, salaries, fees or benefits of any Client) incurred in investigating, defending, opposing or appealing any Claim; and (2) the premium for appeal, attachment or similar bonds (but the Client shall be under no obligation to furnish any bond). Defense Costs do not mean: (1) any compensation or benefits for the Client's directors, officers, or employees; and (2) any other internal or overhead expenses of the Client.
- i. "Employer" means an employer that provides or has provided a SIMRP to its employees.
- j. "Tax Position" means payments made by an Employer for the benefit of its employees to SIMRP and/or the claim payments from a SIMRP to a Policyholder do not constitute "wages"
- k. "Good Standing" means Client is current on all fees due and payable under the MSA and is not in default.
- l. "Final Adjudication" means (1) any final non-appealable order, judgment or decree by any court of competent jurisdiction with respect to the Client Tax Position; or (2) any settlement or compromise with the Taxing Authority, including through a closing agreement, of a Claim by a Taxing Authority with respect to the Tax Position with the CEHAS's consent.
- m. "FICA" means the Federal Insurance Contributions Act, as determined under Chapter 21 of the Code.
- n. "SIMRP" or "SIMRPs" means the fixed SIMRP plans administered as contracted for with CEHAS, Inc.
- o. "FUTA" means the Federal Unemployment Tax Act, as determined under Chapter 23 of the Code.
- p. "SIMRP Claims" means reimbursement from CEHAS for (1) unpaid FICA taxes, (2) unpaid FUTA taxes, (3) interest and penalties directly related to the underpayment of FICA and FUTA taxes, and (4) provisional defense costs incurred. Covered Claims must be directly assessed and specifically set out in a written notice from a Taxing Authority.
- q. "Loss" means (1) Additional Taxes, (2) penalties and interest imposed by the Taxing



Authority in connection with the Tax Position, if and to the extent any penalties are insurable under the law, and (3) Defense Costs.

- r. Pre-tax premium is the tax savings of the employer for deducting amounts from an employee's salary on a pre-tax basis to cover eligible expenses and pay premiums for employer-sponsored qualifying plans, as serviced under this Master Service Agreement.
- s. "Taxing Authority" means the U.S. Internal Revenue Service, and any state, local or other governmental authority responsible for the administration of any additional income taxes owed.
- t. "Wages" means wages as defined under FICA and FUTA.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

CEHAS, Inc.

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

[CLIENT NAME]

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_