

**AGREEMENT**  
**Turning Point of Central California, Inc.**

**I. INTRODUCTION**

**THIS AGREEMENT** is entered into as of **July 1, 2017** between the COUNTY OF TULARE, referred to as COUNTY, and TURNING POINT OF CENTRAL CALIFORNIA, INC., referred to as CONTRACTOR, with reference to the following:

**II. RECITALS**

- A. The Public Safety Realignment Act (Assembly Bill 109), signed into law on April 4, 2011, transferred responsibility for supervising specified lower level inmates and parolees from the California Department of Corrections and Rehabilitation to the counties.
- B. In an effort to address the provisions of Assembly Bill 109 and the influx of 1) Low Level State Prison Post-release offenders (PRCS); 2) Low Level Non-Violent, Non-Serious and Non-Registerable Sex Offenders (N3's); 3) existing violators of parole who will not be returned to State Prison, COUNTY needs to enter into contracts and linkages with community-based services for employment, education and training.
- C. CONTRACTOR operates five (5) community correctional programs in the Central Valley, with a major goal to provide quality case management, treatment, supervision and in-house services to residents. Programs provided by CONTRACTOR are designed to reduce the likelihood of return to crime, or recidivism, provide job development, substance abuse treatment, family reunification, finance management literacy training and correctional counseling.

**ACCORDINGLY, IT IS AGREED:**

**III. SPECIFIC TERMS**

- 1. **TERM:** This Agreement shall become effective as of July 1, 2017 and shall expire at 11:59 PM on June 30, 2018 unless otherwise terminated as provided in this Agreement.
- 2. **SERVICES TO BE PERFORMED:** See attached **EXHIBIT A**
- 3. **PAYMENT FOR SERVICES:** See attached **EXHIBIT B**. The maximum amount not to exceed \$350,000.

#### **IV. GENERAL TERMS**

4. **INDEPENDENT CONTRACTOR STATUS:**

- a. This Agreement is entered into by both parties with the express understanding that CONTRACTOR will perform all services required under this Agreement as an independent contractor. Nothing in this Agreement shall be construed to constitute the CONTRACTOR or any of its agents, employees, or officers as an agent, employee, or officer of COUNTY.
- b. CONTRACTOR agrees to advise everyone it assigns or hires to perform any duty under this Agreement that they are not employees of COUNTY. Subject to any performance criteria contained in this Agreement, CONTRACTOR shall be solely responsible for determining the means and methods of performing the specified services and COUNTY shall have no right to control or exercise any supervision over CONTRACTOR as to how the services will be performed. As CONTRACTOR is not COUNTY'S employee, CONTRACTOR is responsible for paying all required state and federal taxes. In particular, COUNTY will not:
  - i. Withhold FICA (Social Security) from CONTRACTOR'S payments.
  - ii. Make state or federal unemployment insurance contributions on CONTRACTOR'S behalf.
  - iii. Withhold state or federal income tax from payments to CONTRACTOR.
  - iv. Make disability insurance contributions on behalf of CONTRACTOR.
  - v. Obtain unemployment compensation insurance on behalf of CONTRACTOR.
- c. Notwithstanding this independent contractor relationship, COUNTY shall have the right to monitor and evaluate the performance of CONTRACTOR to assure compliance with this Agreement.

5. **COMPLIANCE WITH LAW:** CONTRACTOR shall provide services in accordance with applicable federal, state, and local laws, regulations, and directives. With respect to CONTRACTOR'S employees, CONTRACTOR shall comply with all laws and regulations pertaining to wages and hours, state and federal income tax, unemployment insurance, Social Security, disability insurance, workers' compensation insurance, and discrimination in employment.

6. **GOVERNING LAW:** This Agreement shall be interpreted and governed under the laws of the state of California without reference to California conflicts of law

principles. The parties agree that this contract is made in and shall be performed in Tulare County, California.

7. **RECORDS AND AUDIT:** CONTRACTOR shall maintain complete and accurate records with respect to the services rendered and the costs incurred under this Agreement. In addition, CONTRACTOR shall maintain complete and accurate records with respect to any payments to employees or subcontractors. All such records shall be prepared in accordance with generally accepted accounting procedures, shall be clearly identified, and shall be kept readily accessible. Upon request, CONTRACTOR shall make such records available within Tulare County to the Auditor of Tulare County and to his agents and representatives, for the purpose of auditing and/or copying such records for a period of five (5) years from the date of final payment under this Agreement.
  
8. **CONFLICT OF INTEREST:**
  - a. CONTRACTOR agrees to, at all times during the performance of this Agreement, comply with the law of the state of California regarding conflicts of interests and appearance of conflicts of interests, including, but not limited to, Government Code Section 1090 et seq., and the Political Reform Act, Government Code Section 81000 et seq., and regulations promulgated pursuant thereto by the California Fair Political Practices Commission. The statutes, regulations, and laws previously referenced include, but are not limited to, prohibitions against any public officer or employee, including CONTRACTOR for this purpose, from making any decision on behalf of COUNTY in which such officer, employee, or consultant/contractor has a direct or indirect financial interest. A violation can occur if the public officer, employee, or consultant/contractor participates in or influences any COUNTY decision which has the potential to confer any pecuniary benefit on CONTRACTOR or any business firm in which CONTRACTOR has an interest, with certain narrow exceptions.
  
  - b. CONTRACTOR agrees that if any facts come to its attention which raise any questions as to the applicability of conflicts of interests laws, it will immediately inform the COUNTY designated representative and provide all information needed for resolution of this question.
  
9. **INSURANCE:** Prior to approval of this Agreement by COUNTY, CONTRACTOR shall file with the submitting department evidence of required insurance as set forth in **EXHIBIT C** attached. Insurance policies shall not be used to limit CONTRACTOR'S liability or to limit the indemnification provisions and requirements of this contract or act in any way to reduce the policy coverage and limits available from the insurer(s).

10. **INDEMNIFICATION:** CONTRACTOR shall hold harmless, defend and indemnify COUNTY, its agents, officers, and employees from and against any liability, claims, actions, costs, damages or losses of any kind, including death or injury to any person and/or damage to property, including COUNTY property, arising from, or in connection with, the performance by CONTRACTOR or its agents, officers, and employees under this Agreement. This indemnification specifically includes any claims that may be made against COUNTY by any taxing authority asserting that an employer-employee relationship exists by reason of this Agreement, and any claims made against COUNTY alleging civil rights violations by CONTRACTOR under Government Code sections 12920 et seq., (California Fair Employment and Housing Act), and any fines or penalties imposed on COUNTY for CONTRACTORS failure to provide form DE-542, when applicable. This indemnification obligation shall continue beyond the term of this Agreement as to any acts or omissions occurring under this Agreement or any extension of this Agreement.

11. **TERMINATION:**

- a. Without Cause: COUNTY will have the right to terminate this Agreement without cause by giving thirty (30) days prior written notice of intention to terminate pursuant to this provision, specifying the date of termination. COUNTY will pay to the CONTRACTOR the compensation earned for work performed and not previously paid for to the date of termination. COUNTY will not pay lost anticipated profits or other economic loss. The payment of such compensation is subject to the restrictions on payment of compensation otherwise provided in this Agreement, and is conditioned upon receipt from CONTRACTOR of any and all plans, specifications and estimates, and other documents prepared by CONTRACTOR in accordance with this Agreement. No sanctions will be imposed.
- b. With Cause: This Agreement may be terminated by either party should the other party:
  - (1) be adjudged a bankrupt, or
  - (2) become insolvent or have a receiver appointed, or
  - (3) make a general assignment for the benefit of creditors, or
  - (4) suffer any judgment which remains unsatisfied for 30 days, and which would substantively impair the ability of the judgment debtor to perform under this Agreement, or
  - (5) materially breach this Agreement.

In addition, COUNTY may terminate this Agreement based on:

- (6) material misrepresentation, either by CONTRACTOR or anyone acting on CONTRACTOR's behalf, as to any matter related in any way to COUNTY's retention of CONTRACTOR, or
- (7) other misconduct or circumstances which, in the sole discretion of the COUNTY, either impair the ability of CONTRACTOR to competently provide the services under this Agreement, or expose the COUNTY to an unreasonable risk of liability.

COUNTY will pay to the CONTRACTOR the compensation earned for work performed and not previously paid for to the date of termination. The payment of such compensation is subject to the restrictions on payment of compensation otherwise provided in this Agreement, and is conditioned upon receipt from CONTRACTOR of any and all plans, specifications and estimates, and other documents prepared by CONTRACTOR by the date of termination in accordance with this Agreement. COUNTY will not pay lost anticipated profits or other economic loss, nor will the COUNTY pay compensation or make reimbursement to cure a breach arising out of resulting from such termination. If this Agreement is terminated and the expense of finishing the CONTRACTOR's scope of work exceeds the unpaid balance of the Agreement, the CONTRACTOR must pay the difference to the County. Sanctions taken will be possible rejection of future proposals based on specific causes of non-performance.

- c. Effects of Termination: Expiration or termination of this Agreement shall not terminate any obligations to indemnify, to maintain and make available any records pertaining to the Agreement, to cooperate with any audit, to be subject to offset, or to make any reports of pre-termination contract activities. Where CONTRACTOR's services have been terminated by the COUNTY, said termination will not affect any rights of the COUNTY to recover damages against the CONTRACTOR.
  - d. Suspension of Performance: Independent of any right to terminate this Agreement, the authorized representative of COUNTY for which CONTRACTOR'S services are to be performed, may immediately suspend performance by CONTRACTOR, in whole or in part, in response to health, safety, or financial emergency, or a failure or refusal by CONTRACTOR to comply with the provisions of this Agreement, until such time as the cause for suspension is resolved, or a notice of termination becomes effective.
12. **LOSS OF FUNDING:** It is understood and agreed that if the funding is either discontinued or reduced for this project for the COUNTY, that the COUNTY shall have the right to terminate this Agreement. In such event, the affected party shall provide the other party with at least thirty (30) days prior written notice of such termination.

13. **FORM DE-542:** If CONTRACTOR is an individual, CONTRACTOR acknowledges that this Agreement is subject to filing obligations pursuant to Unemployment Insurance Code Section 1088.8. Accordingly, COUNTY has an obligation to file a report with the Employment Development Department, which report will include the CONTRACTOR'S full name, social security number, address, the date this contract was executed, the total amount of the contract, the contract's expiration date, or whether it is ongoing. CONTRACTOR agrees to cooperate with COUNTY to make such information available and to complete Form DE-542. Failure to provide the required information may, at COUNTY'S option, prevent approval of this Agreement, or be grounds for termination by COUNTY.

14. **NOTICES:**

(a) Except as may be otherwise required by law, any notice to be given shall be written and shall be either personally delivered, sent by facsimile transmission or sent by first class mail, postage prepaid and addressed as follows:

**COUNTY:**

Tulare County Probation Department  
County Courthouse, Room 206  
221 South Mooney Boulevard  
Visalia, California 93291  
Phone No.: (559) 713-2750  
Fax No.: (559) 730-2626

**With A Copy To:**

County Administrative Officer  
2800 West Burrel Avenue  
Visalia, California 93291  
Phone No.: 559-636-5005  
Fax No.: 559- 733-6318

**CONTRACTOR:**

Mr. Raymond R. Banks, MPA, Chief Operating Officer  
Turning Point of Central California, Inc.  
Post Office Box 7447  
Visalia, CA 93290-7447

(b) Notice personally delivered is effective when delivered. Notice sent by facsimile transmission is deemed to be received upon successful transmission. Notice sent by first class mail shall be deemed received on the fifth day after the date of mailing. Either party may change the above address by giving written notice pursuant to this paragraph.

15. **ASSIGNMENT/SUBCONTRACTING:** Unless otherwise provided in this Agreement, COUNTY is relying on the personal skill, expertise, training, and experience of CONTRACTOR and CONTRACTOR'S employees and no part of this Agreement may be assigned or subcontracted by CONTRACTOR without prior written consent of COUNTY.

16. **DISPUTE RESOLUTION:** If a dispute arises out of or relating to this Agreement, or the breach thereof, and if said dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute by non-binding mediation before resorting to litigation or some other dispute resolution procedure, unless the parties mutually agree otherwise. The mediator shall be mutually selected by the parties, but in case of disagreement, the mediator shall be selected by lot from among two nominations provided by each party. All costs and fees required by the mediator shall be split equally by the parties, otherwise each party shall bear its own costs of mediation. If mediation fails to resolve the dispute within 30 days, either party may pursue litigation to resolve the dispute.
17. **FURTHER ASSURANCES:** Each party will execute any additional documents and perform any further acts that may be reasonably required to effect the purposes of this Agreement.
18. **CONSTRUCTION:** This Agreement reflects the contributions of all undersigned parties and accordingly, the provisions of Civil Code section 1654 shall not apply to address and interpret any alleged uncertainty or ambiguity.
19. **HEADINGS:** Section headings are provided for organizational purposes only and do not in any manner affect the scope, meaning, or intent of the provisions under the headings.
20. **NO THIRD-PARTY BENEFICIARIES INTENDED:** Unless specifically set forth, the parties to this Agreement do not intend to provide any other party with any benefit or enforceable legal or equitable right or remedy.
21. **WAIVERS:** The failure of either party to insist on strict compliance with any provision of this Agreement shall not be considered a waiver of any right to do so, whether for that breach or any subsequent breach. The acceptance by either party of either performance or payment shall not be considered to be a waiver of any preceding breach of the Agreement by the other party.
22. **EXHIBITS AND RECITALS:** The recitals and the exhibits to this Agreement are fully incorporated into and are integral parts of this Agreement.
23. **CONFLICT WITH LAWS OR REGULATIONS/SEVERABILITY:** This Agreement is subject to all applicable laws and regulations. If any provision of this Agreement is found by any court or other legal authority, or is agreed by the parties to be, in conflict with any code or regulation governing its subject matter, only the conflicting provision shall be considered null and void. If the effect of nullifying any conflicting provision is such that a material benefit of the Agreement to either party is lost, the Agreement may be terminated at the option of the affected party.

In all other cases the remainder of the Agreement shall continue in full force and effect.

24. **ENTIRE AGREEMENT REPRESENTED:** This Agreement represents the entire agreement between CONTRACTOR and COUNTY as to its subject matter and no prior oral or written understanding shall be of any force or effect. No part of this Agreement may be modified without the written consent of both parties.
  
25. **ASSURANCES OF NON-DISCRIMINATION:** CONTRACTOR shall not discriminate in employment or in the provision of services on the basis of any characteristic or condition upon which discrimination is prohibited by state or federal law or regulation.
  - (a) It is recognized that both the CONTRACTOR and the COUNTY have the responsibility to protect COUNTY employees and clients from unlawful activities, including discrimination and sexual harassment in the workplace. Accordingly, CONTRACTOR agrees to provide appropriate training to its employees regarding discrimination and sexual harassment issues, and to promptly and appropriately investigate any allegations that any of its employees may have engaged in improper discrimination or harassment activities. The COUNTY, in its sole discretion, has the right to require CONTRACTOR to replace any employee who provides services of any kind to COUNTY pursuant to this Agreement with other employees where COUNTY is concerned that its employees or clients may have been or may be the subjects of discrimination or harassment by such employees. The right to require replacement of employees as aforesaid shall not preclude COUNTY from terminating this Agreement with or without cause as provided for herein.
  
26. **HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA):**
  - (a) CONTRACTOR shall comply with the Health Insurance Portability and Accountability Act (HIPAA) Business Associate exhibit, as set forth in **EXHIBIT D** attached.
  
  - (b) At termination of this Agreement, CONTRACTOR shall, if feasible, return or destroy all protected health information received from, or created or received by, CONTRACTOR on behalf of COUNTY that CONTRACTOR still maintains in any form, and retain no copies of such information; or, if such return or destruction is not feasible, extend the protection of this Agreement to the information and limit further uses and disclosures to those purposes that make the return or destruction of the information feasible.



(c) COUNTY may immediately terminate this Agreement if COUNTY determines that CONTRACTOR has violated a material term of this provision.

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**THE PARTIES**, having read and considered the above provisions, indicate their agreement by their authorized signatures below.

**COUNTY OF TULARE**

Date: \_\_\_\_\_ By: \_\_\_\_\_  
Chairman, Board of Supervisors

ATTEST: MICHAEL C. SPATA  
County Administrative Officer/Clerk of the Board  
of Supervisors of the County of Tulare

By: \_\_\_\_\_  
Deputy Clerk

**CONTRACTOR**

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

Title: \_\_\_\_\_

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

Title: \_\_\_\_\_

Corporations Code section 313 requires that contracts with a corporation be signed by both (1) the chairman of the Board of Directors, the president or any vice-president, and (2) the secretary, any assistant secretary, the chief financial officer, or any assistant treasurer, unless the contract is accompanied by a certified copy of the corporation's Board of Directors' resolution authorizing the execution of the contract.

Approved as to Form  
County Counsel

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

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

## **EXHIBIT A**

### **SCOPE OF WORK**

***Turning Point of Central California, Inc.***  
**1845 South Court Street**  
**Visalia, CA 93277**  
**(559) 732-5550**

The Visalia Reentry Center (VRC) is a residential drug treatment facility centrally located close to many potential places of employment for residents. Upon entry, each resident undergoes a comprehensive assessment which serves as the basis for his individualized treatment plan with sober living and self-sufficiency as our top priorities. A comprehensive curriculum encompassing a variety of modalities gives residents insight into how past behaviors and choices have resulted in the circle of incarceration and substance abuse. Opportunities and privileges offered are contingent on satisfactory conduct and progress toward completion of goals in the treatment plan. Other goals include achieving becoming job ready, financial self-sufficiency, and development of pro-social network.

### **SERVICES PROVIDED BY VISALIA REENTRY CENTER**

The following residential reentry services will be provided at the Visalia Reentry Center to clients of the Tulare County Probation Department, excluding those who are dually diagnosed with a serious mental illness:

- Food and Shelter
- Individual and Group Counseling
- Substance Use Disorder Treatment
- Cognitive Behavioral Therapy
- Criminal Thinking
- Drug Education
- Stress and Anger Management
- Parenting & Relationship Skills
- Job Readiness Training
- Financial Management Training
- Basic Computer Skills
- Self-Help Meetings
- Special Speakers and Presentations
- Relapse Prevention & Exit Planning
- Reestablishment of Family Ties
- Transportation to Meetings & Appointments
- Assistance Securing ID and Social Security Cards
- 24/7/365 Staff Supervision
- Random Weekly Alcohol & Drug Testing
- Prescription Drug Monitoring
- Mental Health Service Referrals
- Referrals for Literacy Training & GED Preparation

VRC will utilize the following cognitive-based therapy and evidenced-based curricula when providing a minimum of 40 hours of drug/alcohol treatment groups per week:

- Living in Balance (Substance Use Disorder Treatment)
- Thinking for a Change (Cognitive Behavioral Therapy)
- Anger Management for Substance Abuse & Mental Health Clients
- Partners in Parenting

Probationers in residential drug treatment services will be required to complete an average of 30 hours of in-house treatment activities and 6 hours of supplemental activities per week for a minimum of 90 day program.

Transitional living services (bed and meals only) for homeless probationers are also available. These services will include 24/7 staff supervision, weekly meetings with an assigned caseworker, job placement assistance, drug testing, transportation to self-help meetings, and bus passes for indigent residents.

### **OUTPATIENT SERVICES**

Outpatient substance abuse and/or correctional treatment services for individual and group counseling (minimum of three participants per group) will be available.

Psychotherapy services provided by a licensed mental health clinician at an individual hourly rate and a group rate (minimum of three participants per group) will be available.

### **INTENSIVE OUTPATIENT SERVICES**

Intensive outpatient substance abuse and/or correctional treatment services are for individuals who demonstrate a significant history of drug and/or alcohol use, as well as a moderate to high level of treatment readiness. Individuals in this component must have a relatively stable and drug-free living environment. The duration is 12 weeks of treatment services, which include: one (1) individual counseling session per week one (1) hour per duration; three (3) group counseling sessions per week three (3) hours in duration; required attendance at two (2) to four (4) self-help meetings per week; and weekly random drug testing as well as presumptive tests. Services provided include mandatory family group counseling; group education to include information on the effects of drug and/or alcohol use on self and family; education about the addiction process and progression; alternatives to use; personal consequences of use; and discharge planning.

### **CONTACT INFORMATION**

Dennis Reid, Chief Operating Officer  
PO Box 7447  
Visalia, CA 93290-7447  
(559) 732-8086, Ext 7108

Raymond Banks, Chief Executive Officer  
PO Box 7447  
Visalia, CA 93291-7447  
(559) 732-8086, Ext 7140

## **EXHIBIT B**

### **PAYMENT FOR SERVICES**

**Turning Point of Central California, Inc.  
Visalia Reentry Center, 1845 South Court Street, Visalia, CA 93277 (559) 732-5550  
Court Street Transitional Center, 1905 South Court Street, Visalia, CA 93277**

It is mutually agreed that the COUNTY shall pay CONTRACTOR no more than a maximum of \$350,000 for all services rendered under this agreement.

Turning Point of Central California, Inc. will charge the Tulare County Probation Department \$75 per bed per day for residential, treatment, and training services. This cost will include shelter, food, and an array of services as delineated in Exhibit A.

Residential services for offenders, excluding unstable mentally ill offenders, and those diagnosed with both serious mental illness and substance abuse programs will be provided at a cost of \$59.00 per bed per day.

Transitional living services (bed and meals) for homeless offenders will be provided at a cost of \$20 per day. Transitional living services do not include treatment services.

Full mental health assessments provided by a licensed psychiatrist will be available at a cost of \$370 per client.

Medication monitoring services are available at a cost of \$180 per client per session. Turning Point will pay for medications, when authorized, and invoice the cost of the medication plus five percent (5%).

Psychotherapy services, including assessment, provided by a licensed mental health clinician will be billed at an hourly rate of \$85 for individual and \$29 per hour for mental health group sessions (minimum three individuals per group).

Outpatient substance abuse and/or correctional treatment services are available at an hourly rate of \$45 for individual and \$19.50 per hour for group sessions (minimum three individuals per group).

A twelve week Intensive Outpatient substance abuse and correctional treatment services are available at a rate of \$45 per hour for individual and \$58.50 per client for 3 hour group sessions (minimum three individuals per group). Participants are required to participate in a minimum of one individual session, three 90 minute group education sessions, and three 90 minute group counseling sessions per week, and an array of services as delineated in Exhibit A.

Urine drug test for probationers will be charged at \$9.50 per test.

Available services do not imply a requirement of participation by clients of the Tulare County Probation Department, and are listed for informational purposes only.

Payment for actual services provided shall be billed and paid monthly in accordance with the standard County billing/payment cycle. Billing statements shall be sent to:

Tulare County Probation Department  
221 South Mooney Boulevard, Room 206  
Visalia, CA 93291  
ATTN: Marichu Baker, Fiscal Manager

## **PROFESSIONAL SERVICES CONTRACTS** **INSURANCE REQUIREMENTS**

CONTRACTOR shall provide and maintain insurance for the duration of this Agreement against claims for injuries to persons and damage to property which may arise from, or in connection with, performance under the Agreement by the CONTRACTOR, his agents, representatives, employees and subcontractors, if applicable.

### A. Minimum Scope & Limits of Insurance

1. Insurance Services Office Commercial General Liability coverage of \$1,000,000 combined single Limit per occurrence. (Occurrence Form CG 00 01). If annual aggregate applies, it must be no less than \$2,000,000.
2. Insurance Services Office Form Number CA 00 01 covering Automobile Liability, (any auto) of \$1,000,000 per occurrence. If an annual aggregate applies, it must be less than \$2,000,000.
3. Workers' Compensation insurance as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease.
4. Professional Liability (Errors and Omissions) Insurance appropriate to the Contractor's profession, with limit no less than \$1,000,000 per occurrence or claim, \$2,000,000 aggregate.

### B. Specific Provisions of the Certificate

1. CONTRACTOR must submit endorsements to the General Liability and Auto Liability reflecting the following provisions:
  - a. *The COUNTY, its officers, agents, officials, employees and volunteers are to be covered as additional insureds as respects: liability arising out of work or operations performed by or on behalf of the Contractor; or automobiles owned, leased, hired or borrowed by the CONTRACTOR.*
  - b. *For any claims related to this project, the CONTRACTOR's insurance coverage shall be primary insurance as respects the COUNTY, its officers, agents, officials, employees and volunteers. Any insurance or self-insurance maintained by the COUNTY, its officers, agents, officials, employees or volunteers shall be excess of the CONTRACTOR's insurance and shall not contribute with it.*
  - c. *Each insurance policy required by this agreement shall be endorsed to state that coverage shall not be canceled by either party, except after thirty (30) days prior written notice has been provided to the County.*
2. The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of the COUNTY for all work performed by the CONTRACTOR, its employees, agents and subcontractors.
  - a. *Waiver of Subrogation. The workers' compensation policy shall be endorsed with a waiver of subrogation in favor of the COUNTY for all work performed by the CONTRACTOR, its employees, agents and subcontractors. CONTRACTOR waives all rights against the COUNTY and its officers, agents, officials, employees and volunteers for recovery of damages to the extent these damages are covered by the workers' compensation and employer's liability.*

### C. Deductibles and Self-Insured Retentions

The COUNTY Risk Manager must approve any deductible or self-insured retention that exceeds \$100,000.

### D. Acceptability of Insurance

Insurance must be placed with insurers with a current rating given by A.M. Best and Company of no less than A(-):VII and a Standard & Poor's Rating (if rated) of at least BBB and from a company approved by the Department of Insurance to conduct business in California. Any waiver of these standards is subject to approval by the County Risk Manager.

E. Verification of Coverage

Prior to approval of this Agreement by the COUNTY, the CONTRACTOR shall file with the submitting department, certificates of insurance with original endorsements effecting coverage and a copy of the declarations page from the policy in effect in a form acceptable to the COUNTY. Endorsements must be signed by persons authorized to bind coverage on behalf of the insurer. The COUNTY reserves the right to require certified copies of all required insurance policies at any time.



## EXHIBIT D

### HIPAA REQUIREMENT

The Health Insurance Portability and Accountability Act of 1996 (HIPAA)

- A. Definitions: Terms used, but not otherwise defined, in this Agreement shall have the same meaning as those terms in the Privacy Rule.
1. *Business Associate*. "Business Associate" shall mean CONTRACTOR.
  2. *Covered Entity*. "Covered Entity" shall mean COUNTY.
  3. *Individual*. "Individual" shall have the same meaning as the term "individual" in 45 CFR 164.501 and shall include a person who qualifies as a personal representative in accordance with 45 CFR 164.502(g).
  4. *Privacy Rule*. "Privacy Rule" shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 CFR part 160 and part 164, subparts A and E.
  5. *Protected Health Information*. "Protected Health Information" shall have the same meaning as the term "protected health information" in 45 CFR 164.501, limited to the information created or received by Business Associate from or on behalf of Covered Entity.
  6. *Required by Law*. "Required by Law" shall have the same meaning as the term "required by law" in 45 CFR 164.501.
  7. *Secretary*. "Secretary" shall mean the Secretary of the Department of Health and Human Services or his designee.
- B. Obligations and Activities of CONTRACTOR
1. CONTRACTOR agrees to not use or disclose Protected Health Information other than as permitted or required by the Agreement or as Required by Law.
  2. CONTRACTOR agrees to use appropriate safeguards to prevent use or disclosure of the Protected Health Information other than as provided for by this Agreement.
  3. CONTRACTOR agrees to mitigate, to the extent practicable, any harmful effect that is known to CONTRACTOR of a use or disclosure of Protected Health Information by CONTRACTOR in violation of the requirements of this Agreement.
  4. CONTRACTOR agrees to report to COUNTY any use or disclosure of the Protected Health Information not provided for by this Agreement of which it becomes aware.
  5. CONTRACTOR agrees to ensure that any agent, including a subcontractor, to whom it provides Protected Health Information received from, or created or received by CONTRACTOR on behalf of COUNTY agrees to the same restrictions and conditions that apply through this Agreement to CONTRACTOR with respect to such information. CONTRACTOR agrees to provide access, at the request of COUNTY, and in the time and manner requested by COUNTY, to Protected Health

Information in a Designated Record Set, to COUNTY or, as directed by COUNTY, to an individual in order to meet the requirements under 45 CFR 164.524.

6. CONTRACTOR agrees to make any amendment(s) to Protected Health Information in a Designated Record Set that the COUNTY directs or agrees to pursuant to 45 CFR 164.526 at the request of COUNTY or an Individual, and in the time and manner requested by COUNTY.
7. CONTRACTOR agrees to make internal practices, books, and records, including policies and procedures and Protected Health Information, relating to the use and disclosure of Protected Health Information received from, or created or received by CONTRACTOR on behalf of, COUNTY to the COUNTY, in a time and manner requested by COUNTY for purposes of determining CONTRACTOR's and/or COUNTY's compliance with the Privacy Rule.
8. CONTRACTOR agrees to document such disclosures of Protected Health Information and information related to such disclosures as would be required for COUNTY to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 CFR 164.528.
9. CONTRACTOR shall provide to COUNTY or an Individual, in time and manner designated by COUNTY, information collected in accordance with Title 45, CFR, Section 164.528, to permit the Department to respond to a request by the individual for an accounting of disclosures of PHI in accordance with Title 45, CFR, Section 164.528.
10. At termination of this Agreement, CONTRACTOR shall, if feasible, return or destroy all Protected Health Information received from, or created or received by, CONTRACTOR on behalf of the COUNTY that CONTRACTOR still maintains in any form, and retain no copies of such information; or if such return or destruction is not feasible, extend the protections of this Agreement to the information and limit further uses and disclosures to those purposes that make the return or destruction of the information feasible.

C. General Use and Disclosure Provisions: Except as otherwise limited in this Agreement, Business Associate may use or disclose Protected Health Information on behalf of, or to provide services to, COUNTY, if such use or disclosure of Protected Health Information would not violate the Privacy Rule if done by COUNTY or the minimum necessary policies and procedures of the COUNTY.

D. Specific Use and Disclosure

1. Except as otherwise limited in this Agreement, CONTRACTOR may use Protected Health Information for the proper management and administration of the CONTRACTOR or to carry out the legal responsibilities of the CONTRACTOR.
2. Except as otherwise limited in this Agreement, CONTRACTOR may disclose Protected Health Information for the proper management and

administration of the CONTRACTOR, provided that disclosures are Required by Law, or CONTRACTOR obtains reasonable assurances from the person to whom the information is disclosed that it will remain confidential and use or further disclosed only as Required by Law or for the purpose for which it was disclosed to the person and the person notifies the CONTRACTOR of any instances of which it is aware in which the confidentiality of the information has been breached.

3. Except as otherwise limited in this Agreement, CONTRACTOR may use Protected Health Information to provide Data Aggregation services to COUNTY as permitted by 42 CFR 164.504(e)(2)(i)(B).
4. CONTRACTOR may use Protected Health Information to report violations of law to appropriate Federal and State authorities consistent with § 164.502(j)(1).

#### E. Obligations of COUNTY

1. COUNTY shall notify CONTRACTOR of any limitation(s) in its notice of privacy practices of COUNTY in accordance with 45 CFR 164.520, to the extent that such limitation may affect CONTRACTOR's use or disclosure of Protected Health Information.
2. COUNTY shall notify CONTRACTOR of any changes in, or revocation of, permission by Individual to use or disclose Protected Health Information, to the extent that such changes may affect CONTRACTOR's use or disclosure of Protected Health Information.
3. COUNTY shall notify CONTRACTOR of any restrictions to the use or disclosure of Protected Health Information that COUNTY has agreed to in accordance with 45 CFR 164.522, to the extent that such restriction may affect CONTRACTOR's use or disclosure of Protected Health Information.

F. Permissible Requests by COUNTY: Except as otherwise provided herein, COUNTY shall not request CONTRACTOR to use or disclose Protected Health Information in any manner that would not be permissible under the Privacy Rule if done by COUNTY.

#### G. Miscellaneous

1. *Regulatory References.* A reference in this Agreement to a section in the Privacy Rule means the section as in effect or as amended.
2. *Amendment.* The parties agree to take such action as is necessary to amend this Agreement from time to time as is necessary for COUNTY to comply with the requirements of the Privacy Rule and the Health Insurance Portability and Accountability Act of 1996, Pub L. No. 104-191.
3. *Survival.* The respective rights and obligations of CONTRACTOR under this Exhibit shall survive the termination of this Agreement.
4. *Interpretation.* Any ambiguity in this Agreement shall be resolved to permit COUNTY to comply with the Privacy Rule.
5. COUNTY may terminate this Agreement if COUNTY determines that CONTRACTOR has violated a material term of this Agreement.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **ADDITIONAL INSURED – DESIGNATED PERSON OR ORGANIZATION**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

### **SCHEDULE**

<b>Name Of Additional Insured Person(s) Or Organization(s)</b>
<p>Any person or organization that you are required to add as an additional insured on this policy, under a written contract or agreement currently in effect, or becoming effective during the term of this policy, and for which a certificate of insurance naming such person or organization as additional insured has been issued, but only with respect to their liability arising out of their requirements for certain performance placed upon you, as a nonprofit organization, in consideration for funding or financial contributions you receive from them. The additional insured status will not be afforded with respect to liability arising out of or related to your activities as a real estate manager for that person or organization.</p>
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

**Section II – Who Is An Insured** is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:

- A.** In the performance of your ongoing operations; or
- B.** In connection with your premises owned by or rented to you.



*A Head for Insurance. A Heart for Nonprofits.*

Policy Number: 201702205NPO

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED  
PRIMARY AND NON-CONTRIBUTORY ENDORSEMENT  
FOR PUBLIC ENTITIES**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

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**A. SECTION II – WHO IS AN INSURED** is amended to include any public entity as an additional insured for whom you are performing operations when you and such person or organization have agreed in a written contract or written agreement that such public entity be added as an additional insured(s) on your policy, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" arising out of, in whole or in part, by:

1. Your negligent acts or omissions; or
2. The negligent acts or omissions of those acting on your behalf; in the performance of your ongoing operations.

No such public entity is an additional insured for liability arising out of the "products-completed operations hazard" or for liability arising out of the sole negligence of that public entity.

**B.** With respect to the insurance afforded to these additional insured(s), the following additional exclusions apply.

This insurance does not apply to "bodily injury" or "property damage" occurring after:

1. All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or
2. That portion of "your work" out of which injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

**C.** The following is added to **SECTION III – LIMITS OF INSURANCE**:

The limits of insurance applicable to the additional insured(s) are those specified in the written contract between you and the additional insured(s), or the limits available under this policy, whichever are less. These limits are part of and not in addition to the limits of insurance under this policy.

**D.** With respect to the insurance provided to the additional insured(s), **Condition 4. Other Insurance of SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS** is replaced by the following:

- 4. Other Insurance**
  - a. Primary Insurance**

This insurance is primary if you have agreed in a written contract or written agreement:

- (1) That this insurance be primary. If other insurance is also primary, we will share with all that other insurance as described in **c.** below; or
- (2) The coverage afforded by this insurance is primary and non-contributory with the additional insured(s)' own insurance.

Paragraphs (1) and (2) do not apply to other insurance to which the additional insured(s) has been added as an additional insured or to other insurance described in paragraph **b.** below.

**b. Excess Insurance**

This insurance is excess over:

1. Any of the other insurance, whether primary, excess, contingent or on any other basis:
  - (a) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";
  - (b) That is fire, lightning, or explosion insurance for premises rented to you or temporarily occupied by you with permission of the owner;
  - (c) That is insurance purchased by you to cover your liability as a tenant for "property damage" to premises temporarily occupied by you with permission of the owner; or
  - (d) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion **g.** of **SECTION I – COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE.**
  - (e) That is any other insurance available to an additional insured(s) under this Endorsement covering liability for damages arising out of the premises or operations, or products-completed operations, for which the additional insured(s) has been added as an additional insured by that other insurance.
- (1) When this insurance is excess, we will have no duty under Coverages **A** or **B** to defend the additional insured(s) against any "suit" if any other insurer has a duty to defend the additional insured(s) against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the additional insured(s)' rights against all those other insurers.
- (2) When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:
  - (a) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
  - (b) The total of all deductible and self-insured amounts under all that other insurance.
- (3) We will share the remaining loss, if any, with any other insurance that is not described in this **Excess Insurance** provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

**c. Methods of Sharing**

If all of the other insurance available to the additional insured(s) permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any other the other insurance available to the additional insured(s) does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

### **ADDITIONAL INSURED ENDORSEMENT**

Policy Number: 201702205NPO

This endorsement modifies insurance provided under the following:

**BUSINESS AUTO COVERAGE ONLY**

In consideration of the premium charged, it is understood and agreed that the following is added as an additional insured:

The County, its officers, agents, employees and volunteers

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

But only as respects a legally enforceable contractual agreement with the Named Insured and only for liability arising out of the Named Insured's negligence and only for occurrences of coverages not otherwise excluded in the policy to which this endorsement applies.

It is further understood and agreed that irrespective of the number of entities named as insureds under this policy, in no event shall the company's limits of liability exceed the occurrence or aggregate limits as applicable by policy definition or endorsement.



## COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

### A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
  - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
  - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

### B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

### C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

### D. Inspections And Surveys

1. We have the right to:
  - a. Make inspections and surveys at any time;

- b. Give you reports on the conditions we find; and

- c. Recommend changes.

2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
  - a. Are safe or healthful; or
  - b. Comply with laws, regulations, codes or standards.

3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

### E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

### F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **CALIFORNIA CHANGES – CANCELLATION AND NONRENEWAL**

This endorsement modifies insurance provided under the following:

- CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
- COMMERCIAL AUTOMOBILE COVERAGE PART
- COMMERCIAL GENERAL LIABILITY COVERAGE PART
- COMMERCIAL INLAND MARINE COVERAGE PART
- COMMERCIAL PROPERTY COVERAGE PART
- CRIME AND FIDELITY COVERAGE PART
- EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
- EQUIPMENT BREAKDOWN COVERAGE PART
- FARM COVERAGE PART
- LIQUOR LIABILITY COVERAGE PART
- MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
- POLLUTION LIABILITY COVERAGE PART
- PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

**A. Paragraphs 2. and 3. of the Cancellation Common Policy Condition are replaced by the following:**

**2. All Policies In Effect For 60 Days Or Less**

If this policy has been in effect for 60 days or less, and is not a renewal of a policy we have previously issued, we may cancel this policy by mailing or delivering to the first Named Insured, at the mailing address shown in the policy, and to the producer of record, advance written notice of cancellation, stating the reason for cancellation, at least:

a. 10 days before the effective date of cancellation if we cancel for:

- (1) Nonpayment of premium; or
- (2) Discovery of fraud by:
  - (a) Any insured or his or her representative in obtaining this insurance; or
  - (b) You or your representative in pursuing a claim under this policy.

b. 30 days before the effective date of cancellation if we cancel for any other reason.

**3. All Policies In Effect For More Than 60 Days**

a. If this policy has been in effect for more than 60 days, or is a renewal of a policy we issued, we may cancel this policy only upon the occurrence, after the effective date of the policy, of one or more of the following:

- (1) Nonpayment of premium, including payment due on a prior policy we issued and due during the current policy term covering the same risks.
- (2) Discovery of fraud or material misrepresentation by:
  - (a) Any insured or his or her representative in obtaining this insurance; or
  - (b) You or your representative in pursuing a claim under this policy.
- (3) A judgment by a court or an administrative tribunal that you have violated a California or Federal law, having as one of its necessary elements an act which materially increases any of the risks insured against.

- (4) Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards, by you or your representative, which materially increase any of the risks insured against.
  - (5) Failure by you or your representative to implement reasonable loss control requirements, agreed to by you as a condition of policy issuance, or which were conditions precedent to our use of a particular rate or rating plan, if that failure materially increases any of the risks insured against.
  - (6) A determination by the Commissioner of Insurance that the:
    - (a) Loss of, or changes in, our reinsurance covering all or part of the risk would threaten our financial integrity or solvency; or
    - (b) Continuation of the policy coverage would:
      - (i) Place us in violation of California law or the laws of the state where we are domiciled; or
      - (ii) Threaten our solvency.
  - (7) A change by you or your representative in the activities or property of the commercial or industrial enterprise, which results in a materially added, increased or changed risk, unless the added, increased or changed risk is included in the policy.
- b. We will mail or deliver advance written notice of cancellation, stating the reason for cancellation, to the first Named Insured, at the mailing address shown in the policy, and to the producer of record, at least:
- (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium or discovery of fraud; or
  - (2) 30 days before the effective date of cancellation if we cancel for any other reason listed in Paragraph 3.a.

B. The following provision is added to the Cancellation Common Policy Condition:

**7. Residential Property**

This provision applies to coverage on real property which is used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household personal property in a residential unit, if such coverage is written under one of the following:

Commercial Property Coverage Part  
 Farm Coverage Part – Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form

- a. If such coverage has been in effect for 60 days or less, and is not a renewal of coverage we previously issued, we may cancel this coverage for any reason, except as provided in b. and c. below.
- b. We may not cancel this policy solely because the first Named Insured has:
  - (1) Accepted an offer of earthquake coverage; or
  - (2) Cancelled or did not renew a policy issued by the California Earthquake Authority (CEA) that included an earthquake policy premium surcharge.

However, we shall cancel this policy if the first Named Insured has accepted a new or renewal policy issued by the CEA that includes an earthquake policy premium surcharge but fails to pay the earthquake policy premium surcharge authorized by the CEA.

- c. We may not cancel such coverage solely because corrosive soil conditions exist on the premises. This restriction (c.) applies only if coverage is subject to one of the following, which exclude loss or damage caused by or resulting from corrosive soil conditions:
  - (1) Commercial Property Coverage Part – Causes Of Loss – Special Form; or
  - (2) Farm Coverage Part – Causes Of Loss Form – Farm Property, Paragraph D. Covered Causes Of Loss – Special.

C. The following is added and supersedes any provisions to the contrary:

**Nonrenewal**

1. Subject to the provisions of Paragraphs C.2. and C.3. below, if we elect not to renew this policy, we will mail or deliver written notice, stating the reason for nonrenewal, to the first Named Insured shown in the Declarations, and to the producer of record, at least 60 days, but not more than 120 days, before the expiration or anniversary date.

We will mail or deliver our notice to the first Named Insured, and to the producer of record, at the mailing address shown in the policy.

**2. Residential Property**

This provision applies to coverage on real property used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household property contained in a residential unit, if such coverage is written under one of the following:

Commercial Property Coverage Part

Farm Coverage Part – Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form

- a. We may elect not to renew such coverage for any reason, except as provided in b., c. and d. below.
- b. We will not refuse to renew such coverage solely because the first Named Insured has accepted an offer of earthquake coverage.

However, the following applies only to insurers who are associate participating insurers as established by Cal. Ins. Code Section 10089.16. We may elect not to renew such coverage after the first Named Insured has accepted an offer of earthquake coverage, if one or more of the following reasons applies:

- (1) The nonrenewal is based on sound underwriting principles that relate to the coverages provided by this policy and that are consistent with the approved rating plan and related documents filed with the Department of Insurance as required by existing law;

(2) The Commissioner of Insurance finds that the exposure to potential losses will threaten our solvency or place us in a hazardous condition. A hazardous condition includes, but is not limited to, a condition in which we make claims payments for losses resulting from an earthquake that occurred within the preceding two years and that required a reduction in policyholder surplus of at least 25% for payment of those claims; or

(3) We have:

- (a) Lost or experienced a substantial reduction in the availability or scope of reinsurance coverage; or
- (b) Experienced a substantial increase in the premium charged for reinsurance coverage of our residential property insurance policies; and

the Commissioner has approved a plan for the nonrenewals that is fair and equitable, and that is responsive to the changes in our reinsurance position.

- c. We will not refuse to renew such coverage solely because the first Named Insured has cancelled or did not renew a policy, issued by the California Earthquake Authority, that included an earthquake policy premium surcharge.
  - d. We will not refuse to renew such coverage solely because corrosive soil conditions exist on the premises. This restriction (d.) applies only if coverage is subject to one of the following, which exclude loss or damage caused by or resulting from corrosive soil conditions:
    - (1) Commercial Property Coverage Part – Causes Of Loss – Special Form; or
    - (2) Farm Coverage Part – Causes Of Loss Form – Farm Property, Paragraph D. Covered Causes Of Loss – Special.
3. We are not required to send notice of nonrenewal in the following situations:
- a. If the transfer or renewal of a policy, without any changes in terms, conditions or rates, is between us and a member of our insurance group.

- b. If the policy has been extended for 90 days or less, provided that notice has been given in accordance with Paragraph C.1.
- c. If you have obtained replacement coverage, or if the first Named Insured has agreed, in writing, within 60 days of the termination of the policy, to obtain that coverage.
- d. If the policy is for a period of no more than 60 days and you are notified at the time of issuance that it will not be renewed.
- e. If the first Named Insured requests a change in the terms or conditions or risks covered by the policy within 60 days of the end of the policy period.
- f. If we have made a written offer to the first Named Insured, in accordance with the timeframes shown in Paragraph C.1., to renew the policy under changed terms or conditions or at an increased premium rate, when the increase exceeds 25%.