

BOBBY JINDAL
GOVERNOR



PAUL W. RAINWATER
COMMISSIONER OF ADMINISTRATION

State of Louisiana
Division of Administration
Office of Contractual Review

April 07, 2011

Mr. Julian "Bud" Thompson
Director
Division of Administration
Office of Risk Management
Post Office Box 91106
Baton Rouge, LA 70821-9106

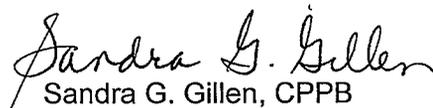
Dear Mr. Thompson:

Enclosed are approved copies of the following amendment submitted to us and received in our office on March 09, 2011.

Division of Administration
OCR# 804-103433 AMENDMENT # 01 CFMS # 692289
F A Richard & Associates

We appreciate your continued cooperation.

Sincerely,


Sandra G. Gillen, CPPB
Director

SGG/cg

Enclosure

F.A. Richard & Associates, Inc.
CFMS #: 692289 – Amendment #1
OCR #: 804-103433

Amendment to Contract Between
State of Louisiana
Division of Administration
Office of Risk Management

and

F.A. Richard & Associates, Inc. (FARA)

Amend Section 5.0 – Compensation and Maximum Amount of Contract:

In consideration of the services required by this contract, the State hereby agrees to pay to Contractor a maximum amount of \$74,930,868 based on the fees and rates specified in the cost proposal.

Service fees will be paid as specified in the cost proposal. The Contractor will submit monthly invoices for one twelfth (1/12) of the annual service fee specified in the cost proposal.

In the event of a change to the implementation schedule, agreed upon in writing by the State and the Contractor, service fees will be adjusted based on the average monthly fee in the cost proposal for each line of insurance. Those amounts are as follows:

- Property - \$132,118
- General Liability - \$106,541
- Medical Malpractice - \$142,866
- Auto Liability/Physical Damage - \$114,860
- Road Hazard - \$62,204

For each additional month of work performed by the Contractor for a line of insurance, the amount specified above will be paid in addition to the amount in the original cost proposal. If a line is implemented later than planned in the original schedule, the same amount will be subtracted for each month implementation is delayed. In the event that a change in the schedule results in the separate implementation of two lines that were originally planned to be implemented at the same time, an additional \$10,000 per month will be paid from the time the first of the two lines is implemented until the second is also implemented.

Implementation costs associated with each line of insurance will be billed upon implementation of that line.

Ancillary Services based on the following rates:

Private Investigator - \$65/hour

Vehicle Damage Appraisals - \$100/appraisal

Other Ancillary Services as listed in Part 2B of the Cost Proposal - actual cost

Emergency Adjusting Services - \$95/hour

Recovery Service Fees based on the following percentages of recoveries received during the contract period:

Second Injury Fund - 12%

Subrogation - 20%

Contractor will guarantee \$50 million in savings in claims payments over the 5-year term of the contract when compared to the State's cumulative budget for claims payments in the budgeted categories of Claims and Related, DRL and Contract Litigation for the 5-year term of the contract. If the savings are not achieved, Contractor will refund to the State 3% of the shortfall, up to \$1.5 million. If Contractor exceeds the \$50 million in savings, the State will pay an additional 3% of the savings greater than \$50 million, up to \$1.5 million or the maximum of the contract, whichever is less. Specific language and measurement methodologies will be agreed upon in writing by Contractor and the State. Measurement will include adjustments for material changes which are beyond the Contractor's control (changes in law, natural disasters, disruption in the planned contract term, etc.).

The total compensation for the contract will not exceed the total amount of \$74,930.868.

The State will pay the Contractor for Service Fees, Ancillary Services and Recoveries upon receipt of invoices. Contractor will submit monthly invoices to the State which are supported by current written status reports describing the work completed and current status of work in progress.

The format of the invoice is subject to State approval.

Payments will be made on approval of ORM State Risk Assistant Director or designee.

Amend Attachment 1 Statement of Work

Changes to the implementation schedule that do not require an increase in the maximum contract amount may be mutually agreed upon without the necessity of a contract modification.

Amendment becomes effective on 2/18/2011.

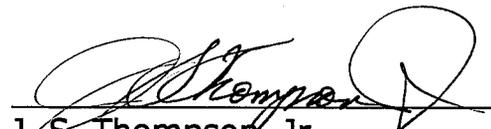
This amendment contains or has attached hereto all revised terms and conditions agreed upon by contracting parties.

F.A. Richard & Associates, Inc. (FARA)



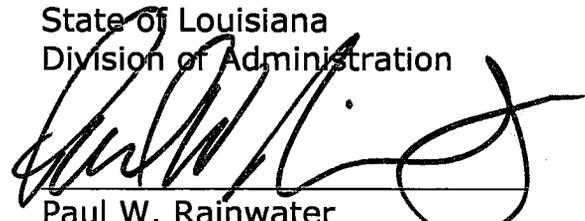
M. Todd Richard
President/CEO

State of Louisiana
Office of Risk Management



J. S. Thompson, Jr.
State Risk Director

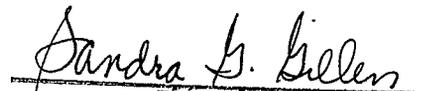
State of Louisiana
Division of Administration



Paul W. Rainwater
Commissioner of Administration

APPROVED
Office of the Governor
Office of Contractual Review

APR 07 2011



Sandra G. Gillen
DIRECTOR