Fayette County
Public Schools

Fayette County Board of Education Meeting
Agenda Item Executive Summary

MEETING: Planning **DATE:** August 3, 2026

TOPIC: Third-Party Claims Administrator

PREPARED BY: Shelley Chatfield, Chief Legal Officer

Recommended Action on: August 17, 2026
Action Item for Vote (REGULAR MEETING)

Superintendent Prior Approval: Yes

Recommendation/Motion: A motion is in order to approve a contract with Charles Taylor for third-party claims administration.

Background/Rationale: The district maintains a comprehensive risk management program designed to protect district assets, employees, students, and the public, while ensuring the timely and consistent handling of insurance claims. New coverage effective July 1, 2026, includes claims handling by Charles Taylor, a third-party claims administrator. There is a need to continue a separate agreement with Charles Taylor to adjust and close out claims that occurred before July 1, 2026, and remain open.

Strategic Priority:
☐ Student Achievement ☐ Unity, Belonging & Student Efficacy
☐ Highly Effective & Culturally Responsive Workforce
☐ Stakeholder Engagement & Outreach ☒ Organizational Health & Efficiency

Data Considerations: Insurance claims

Policy: 01.1, 01.11

Fiscal Impact: $4,500 per quarter minimum

Attachments: Third-Party Administrative Services Agreement

Charles Taylor

THIRD-PARTY ADMINISTRATIVE SERVICES AGREEMENT

This Third-Party Administrative Services Agreement ("Agreement") is made as of the **July 1, 2026** ("Effective Date") between Charles Taylor TPA and its affiliates ("CT"), and **Fayette County Public Schools** ("Client").

RECITAL

Client desires to engage the services of CT to provide the claims administrative and other services specifically set forth in this Agreement, all on the terms and conditions set forth herein. For and in consideration of the mutual promises set forth herein, and for such other and further considerations, the parties hereby agree as follows:

1. **Term of Agreement:**

   This Agreement shall commence at 12:01 a.m. on the Effective Date above and shall remain in force until cancelled in accordance with Paragraph 7 hereof.

2. **CT Duties:**

   During the term of this Agreement, CT shall provide the following services pertaining to Client's Educators Legal Liability obligations:

   (a) Receive notice of and create a file on each reported claim and maintain each file for Client.
   (b) Investigate claims as required to determine their validity and compensability.
   (c) Determine proper benefits due on compensable claims.
   (d) In accordance with established payment procedures, make timely payment of benefits due out of the Claims Fund Account to be funded by Client.
   (e) Prepare documentation and assist in the defense of cases; represent Client at the appropriate governmental agencies of the involved state; to the extent legally permitted, represent Client at conferences; recommend legal counsel and supervise legal counsel selected by Client.
   (f) Maintain and provide pertinent data on all claim payments.
   (g) Provide loss reports to Client.
   (h) Make timely written reports to Client's insurance carrier to comply with the reporting requirements of Client's insurance policy and provide Client a copy of all such reports.
   (i) Advise Client in writing of major developments arising in the investigation, adjustment, and settlement of significant claims.
   (j) Seek Client's approval of any proposed lump sum settlement.
   (k) Make available to Client or its authorized representative all claim files subject to this Agreement for the purpose of audit or claim review at any time during normal business hours of CT, provided that forty-eight (48)

hours advance notice of intent to conduct a claim audit or review is provided to CT. If more than four (4) days are required for such reviews during any annual term of this Agreement, CT reserves the right to charge an additional fee of up to $500 per day for each day in excess of four (4) days.

(l) By virtue of Client's designation of a managed health care system as set forth in Section 14 hereof, provide Client with managed care services provided by or through Guardian Managed Care Solutions.

3. **Client Duties:**

In addition to any other obligations set forth in this Agreement, Client agrees:

(a) To promptly provide all claims information to CT.
(b) To cooperate with CT and its representatives in the investigation and defense of claims.
(c) To provide witnesses as reasonably required regarding the defense and investigation of any claims.
(d) To render decisions concerning payment of claims, and on all matters relating thereto, on a timely basis.
(e) To be solely responsible for providing sufficient funds required for payment of benefits, fees, and expenses.
(f) To promptly deliver funds as required to carry out this Agreement as and when requested by CT.
(g) To promptly notify CT of any changes in insurance carriers or deductible amounts.

4. **Claims Fund Account:**

(a) CT agrees to maintain a claims fund account at a federally insured bank from which payments will be made to satisfy Client's claims and Allocated Claim Expense obligations.
(b) Client agrees to timely provide funds for the Claims Fund Account in amounts requested by CT.
(c) At no time will CT be required to extend credit or advance its own funds to satisfy Client's payment obligations and in no event will CT be liable for fines, penalties, or other consequences arising from or related to Client's failure to properly and timely fund the Claims Fund Account.

5. **Allocated Claim Expenses:**

CT will pay all Allocated Claim Expenses from the Claims Fund Account. Allocated Claim Expenses are all expenses incurred in connection with the investigation, adjustment, settlement, or defense of Client claims. Allocated Claim Expenses include, but are not limited to, those charges incurred for:

(a) Attorneys and experts;
(b) Court cost, depositions, court reporter, and related expenses;
(c) Independent medical examinations of claimants;
(d) Appraisers and Independent Adjusters;
(e) Surveillance and private investigation;
(f) Index Bureau (ISO) and Office of Foreign Assets Control (OFAC);

(g) Electronic Data Interchange (EDI) if required by state law;
(h) Managed care expenses including, but not limited to, utilization review, nurse case management, PPO networks, medical bill audits, and medical bill review;
(i) Subrogation;
(j) Medicare set-aside allocations and related expenses;
(k) Medical records, personnel records, and other similar documents; and
(l) Medicare, Medicaid, SCHIP Extension Act (MMSEA) Section 111 eligibility queries and reporting required by federal law.

6. **Service Fee Agreement:**

Client agrees to pay CT service fees as set forth in Exhibit A hereof. CT will send invoices to Client at the periodic intervals specified in Exhibit A which shall be paid no later than fourteen (14) days from receipt.

7. **Termination of Agreement:**

(a) This Agreement can be terminated by either party upon at least sixty (60) days written notice to the other party. If Client terminates this Agreement but fails to provide the required sixty (60) days written notice thereof, Client will pay as an agreed liquidated damage to CT the sum of $300 for each day that the required notice was not given.
(b) At its option, CT can terminate this Agreement upon at least fourteen (14) days written notice to Client if Client does not pay CT's service fees when due or if Client fails to fund the Claims Fund Account as required by CT.
(c) No services will be performed by CT under this Agreement after the date this Agreement is terminated, and CT will turn over all Client files as set forth in Paragraph 8 hereof. However, upon Client's request and subject to written agreement by CT, CT will be paid a reasonable and negotiated fee to:

    (1) Provide continued adjustment and administration of open claim files existing as of the date of termination of this Agreement;
    (2) Cooperate with any successor administrator in the transfer of all functions, and, if requested by Client, provide a runoff listing of open claim files and other records reasonable and necessary for the successor administrator; and/or
    (3) Provide a printed version of the claim data.

8. **Ownership of Files and Records:**

1. All claim files generated by CT as a result of its activity pursuant to this Agreement shall remain the property of Client with the exception of those records identified in (2) and (3) hereof. After the termination of this Agreement and settlement of all accounts with CT, upon request of Client, all claim data shall be electronically transmitted to Client or their designee.

2. All claim files generated by CT under any large deductible program are owned by the insurance company that issued the deductible policy. Upon termination of this Agreement, all such claim files will be handled in

accordance with the provisions of the contract between CT and the issuing insurance company unless otherwise mutually agreed between CT and the insurance company,

3. Manuals, forms, CT files and reports, customer lists, computer records, financial and strategic data, information which documents CT's processes, procedures and methods and information and data which CT employs to administer programs, other than Client's program, shall at all times be and remain the exclusive property of CT and Client shall not have any ownership, interest, right to duplicate or right to utilize such items except for documentation or information that specifically and solely relates to Client's program

9. **Independent Contractor:**

CT is an independent contractor, and nothing contained in this Agreement shall be construed to create any relationship between CT and Client. CT is retained by Client as an independent contractor and solely for the purposes and to the extent set forth in this Agreement.

10. **Notices:**

Any notice by CT to Client required or permitted to be given under the terms of this Agreement shall be given in writing and sent by registered or certified mail to Client at the last known address of Client.

Any notice by Client to CT required or permitted to be given under this Agreement shall be given in writing and sent by registered or certified mail to the attention of CT's Senior Vice President at the last known address of CT.

11. **Waiver:**

The waiver by CT or Client of the breach of any provision of this Agreement by the other party shall not operate or be construed as a waiver of any subsequent breach by either party or prevent either party from thereafter enforcing any such provision.

12. **Indemnity:**

(a) CT will indemnify and hold Client harmless with respect to actions commenced against Client arising out of any error or omission by CT or its employees, provided the basis for such proceedings were not the direct result of direction given by Client and acted upon by CT under the terms of this Agreement.

(b) Client agrees to indemnify and hold CT and its employees harmless from any loss, damage, liability, judgment, claims, and expenses arising out of Client's performance, or lack thereof, of its duties and obligations under the terms of this Agreement or actions taken by CT at the direction of Client.

(c) Neither party shall be liable to the other for incidental, indirect, special, consequential, punitive, or reliance damages of any nature whatsoever regardless of the foreseeability thereof (including, but not limited to, any claim for loss of services, lost profits or lost revenues) arising under or in connection with this Agreement, or the performance under this Agreement, whether based on breach of contract, breach of warranty, negligence or any other theory of liability. Each Party's maximum liability arising out of or relating to this Agreement, regardless of the cause of action, whether based on breach of contract, breach of warranty, negligence, tort, negligence, or any other theory of liability, will not exceed the total amount paid and payable by Client hereunder during the 12-month period immediately preceding the date on which such loss, damage, injury, claim, cost, or expense occurred.

13. **Taxes:**

All prices and fees for CT's services are exclusive of any and all federal, state, and local sales, use, excise, franchise, or other applicable taxes. Client agrees to pay any such taxes levied as a result of this Agreement and any services performed thereunder, regardless of whether the applicable tax was in existence on the first day of this Agreement.

14. **Designation of Managed Health Care System:**

For the purpose of providing medical services through a managed health care system, Client designates Guardian Managed Care Solutions to provide services.

15. **Non-Solicitation of Employees:**

During the term of this Agreement and for two (2) years thereafter, Client and CT mutually agree not to recruit, solicit, or hire, directly or indirectly, any employee of the other without written permission.

16. **Governing Law:**

The interpretation and validity of this Agreement shall be governed by the laws of Kentucky.

17. **Entire Agreement:**

This Agreement, together with any written amendments and exhibits thereto, contains the entire agreement and understanding between the parties. There are no oral understandings, terms, or conditions, and neither party has relied upon any representation, express or implied, not contained in this Agreement, or the simultaneous writings heretofore identified. All prior understandings, terms or conditions, are deemed merged in this Agreement. This Agreement may be changed or supplemented only in writing signed by the parties. In the event that a conflict shall arise regarding the wording or interpretation of this Agreement, and that of any supplemental written agreement, amendment, or exhibit hereto, then in such event the wording and interpretation of said supplemental written agreement, amendment or exhibit shall control.

18. Binding Agreement

This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their heirs, executors, administrators, successors, and assigns. If any term, covenant, or condition of this Agreement is determined to be illegal, invalid, void, or unenforceable, such finding shall not affect the other provisions of this Agreement.

19. Arbitration

Any dispute or controversy arising out of or relating to this Agreement, or any amendment or modification thereto, shall be determined by arbitration in the County of Jefferson, State of Kentucky pursuant to the Commercial Arbitration Rules of the American Arbitration Association. The Parties agree that the arbitrator shall have the power to award specific performance or injunctive relief to any such arbitration. The costs of arbitration, including each Party's legal fees, shall be borne as directed by the arbitrator.

The Parties consent to the jurisdiction of the Supreme Court of the State of Kentucky for all purposes ancillary to arbitration, including the enforcement of the arbitration agreement and the proceedings, and the entry of a judgment on any award, and further consent that any process or notice of motion or other application to a court or to a judge thereof may be served by registered or certified mail.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

FOR: ______________________________ (Client)

BY: ______________________________

TITLE: ______________________________

DATE: ______________________________

FOR: Charles Taylor TPA
PO Box 436499,
Louisville, Kentucky 40253-6499

BY: Greg Sisson

TITLE: Chief Claims Officer

DATE: July 2, 2026

EXHIBIT A
THIRD-PARTY ADMINISTRATIVE SERVICES AGREEMENT

Pursuant to Paragraph 6 of the Agreement, the service fees of CT will be determined as follows:

Minimum quarterly fee invoices of $4,500 will be issued by CT (at the beginning of each quarter) and payable by Client for administration of any existing and new claim received during this agreement period with date of loss prior to 7/1/2026, based on $40 per open file per month until file closure.

<u>Annual audits</u> – to be completed following the end of each contract period to determine the actual number of claims received and open claims. Client shall pay CT any fee above that is paid as a minimum deposit.

<u>CPI</u> - fees are subject to adjustment upon annual renewal at the CPI for services in order to account for increasing salaries, benefits and overhead costs, starting year 2.

<u>MMSEA, Section 111 Reporting</u> - CT will serve as the Client's Account Manager on files that CT administers for the Client, to assist with Section 111 MMSEA queries and reporting. Queries will be completed by CT as required by the MMSEA at no additional cost. An allocated expense of $525 will be charged when file reporting of confirmed Medicare eligible claimants is required and accomplished.

<u>Subrogation</u> - CT shall receive 25% of net subrogation recoveries. If an attorney is retained to assist with a recovery, the attorney shall be paid as allocated expense on the associated claim by the Client. CT shall receive the above percentage of any such subrogation recovery <u>after</u> deduction from the recovery for expenses directly attributable to obtaining that recovery. <u>Example</u>: subrogation claim is referred to an attorney to assist. CT will be entitled to a fee for the recovery as follows ($10,000 recovery - $1,000 expenses directly attributable x .25 = $2,250 fee). In the event of no subrogation recovery by CT or waiver of subrogation by the Client, expenses related to the effort to protect and pursue subrogation shall be paid by the Client as allocated expense. Furthermore, CT will not be entitled to a recovery fee on waived subrogation claims. CT shall have the authority to settle any subrogation claim between 80 - 100% of full value. For purposes of this blanket settlement authority, "claim" means all claims referred to CT for subrogation recovery as a result of an accident or occurrence.