



RE: Vimly Benefit Solutions COBRA Administration Services

It is important that employers be aware of their responsibilities with regard to the COBRA requirements. Generally, any employer who has twenty or more employees is obligated to offer COBRA continuation coverage to their employees. There are other unique employer scenarios that also require COBRA compliance. If there is any doubt as to whether or not your company is required to comply with the COBRA regulations, you are encouraged to seek legal counsel.

In addition to providing employers with billing and eligibility functions, Vimly Benefit Solutions (VIMLY) offers employers COBRA administration service at no additional charge to the employer. These services include COBRA notification and billing for your eligible COBRA employees. Specific services offered are itemized in the attached COBRA Administration Agreement.

If you wish to retain VIMLY as your COBRA Administrator, please review and sign the attached COBRA Administration Agreement and return to VIMLY. VIMLY will sign the Agreement and you will be mailed a copy indicating the effective date VIMLY will begin your COBRA administration. The effective date of the Agreement will generally be the first of the month following the VIMLY's last billing cycle. **Do not assume that VIMLY will begin administration of your COBRA until you have received the signed Agreement.**

For more information about Vimly COBRA Administration Services please contact VIMLY at 206-859-2600 or email cobra@vimly.com.

Sincerely,

Vimly COBRA Administration Services

COBRA Administration Services
Vimly Benefit Solutions
P.O. Box 65 Mukilteo, WA 98275-0065
Phone 206-859-2600 Fax 425-771-1226 Email: cobra@vimly.com

VIMLY COBRA ADMINISTRATION AGREEMENT

This COBRA Administration Agreement (this "Agreement") is made by and between

and

VIMLY BENEFIT SOLUTIONS

Company Name (please print) (the "Employer")

(VIMLY)

WHEREAS, the Employer wishes to engage the services of VIMLY in order to comply with the group health plan continuation coverage requirements of Federal law, commonly known as "COBRA," as they relate to the group health plan benefits the Employer provides to its employees through

Company Plan Name (please print)

WHEREAS, in furtherance of the Employer's responsibility to comply with the requirements of COBRA, the Employer desires to delegate certain administrative functions and authority to VIMLY with regard to recordkeeping and accounting of qualified beneficiaries whose group health plan coverage has ceased and who are entitled to continuation coverage under COBRA.

NOW, THEREFORE, in consideration of the mutual covenants, conditions and agreements as hereinafter set forth, the Employer and VIMLY do hereby agree as follows:

ARTICLE I - Definitions

- 1.1 Unless otherwise defined herein, capitalized terms used herein have the same meaning as ascribed to them in the Agreement.
- 1.2 "Continuation Coverage" means the extended health care coverage required by COBRA.
- 1.3 "Qualified Beneficiary" means an individual who is eligible for continuation coverage under COBRA as defined in Treas. Reg. § 54.4980B-3, Q/A-1 (a)(1).
- 1.4 "Monthly Contribution Amount" means the amount a Qualified Beneficiary must pay for Continuation Coverage for himself or herself and any dependents eligible for coverage.
- 1.5 "Plan" means the employee benefit plan that the Employer makes available to its employees.

ARTICLE II - Responsibilities of Employer

- 2.1 During the term of this Agreement, Employer will:
 - (a) Provide an initial notice describing COBRA rights to each covered employee and each covered spouse in the form and manner and in the timeframe required by COBRA.
 - (b) Retain substantiating materials demonstrating compliance with the initial notice requirements of COBRA in a form and manner in compliance with COBRA.
 - (c) Provide COBRA eligibility information to VIMLY in the form and manner requested by VIMLY. The Employer will notify VIMLY of individuals who have experienced a Qualifying Event within 30 days of the Qualifying Event. The notification will be provided by noting termination or other changes of employment status on the monthly employer report, or by separate written notification to VIMLY. The information provided in the notification will include the following:
 - Name, Social Security Number;
 - Date and Type of Qualifying Event;
 - Current Mailing Address of Qualified Beneficiary; and,
 - Any other information reasonably requested by VIMLY and available to Employer.
 - (d) Provide VIMLY with any updated information about the eligibility of a Qualified Beneficiary or eligible dependent of a Qualified Beneficiary available to Employer, including, but not limited to: a change in address of the Qualified Beneficiary; the death or disability of a Qualified Beneficiary; the divorce or separation of a Qualified Beneficiary; and, the enrollment of the Qualified Beneficiary in Medicare or other group health plan coverage.
 - (e) Provide VIMLY with 30 days advance written notification prior to terminating VIMLY COBRA services.

ARTICLE III - Responsibilities of VIMLY

- 3.1 During the term of this Agreement, VIMLY will:
 - (a) Provide COBRA election notices to Qualified Beneficiaries;
 - (b) Bill Qualified Beneficiaries for the Monthly Contribution Amounts;
 - (c) Collect Monthly Contribution Amounts from Qualified Beneficiaries and remit to the insurer;
 - (d) Provide notice of unavailability of COBRA coverage; and,
 - (e) Provide notice of early termination of COBRA coverage.
- 3.2 VIMLY will provide notification of the right to elect continuation coverage under the Plan to individuals who have been identified by the Employer as Qualified Beneficiaries who have experienced a Qualifying Event. VIMLY will mail the notice by first class mail to the mailing address provided by the Employer. A single notice, addressed to each Qualified Beneficiary, may be sent to a covered employee, covered spouse and dependents residing at the same address. The notice will be mailed within fourteen (14) calendar days from receipt of the notification from the Employer. The notice will specify coverage(s) under the Plan for which the Qualified Beneficiary is eligible, the COBRA premium amount, and due date.
- 3.3 Unless otherwise notified by the Employer in writing, VIMLY will be entitled to conclusively presume that a Qualified Beneficiary's eligibility for continuation of coverage under the Plan has not terminated by reason of coverage under another group health plan.
- 3.4 VIMLY will determine the applicable COBRA premium for each Qualified Beneficiary and may include in that premium amount an

administrative fee as permitted by Internal Revenue Code § 4980B(f)(2)(C).

3.5 It is expressly understood that VIMLY is neither the "Plan Administrator" nor a "Named Fiduciary" with respect to the Plan, as defined by ERISA or the Internal Revenue Code as the result of this Agreement.

ARTICLE IV - Fees

4.1 VIMLY may retain as a fee for its services an administrative fee as permitted by Internal Revenue Code § 4980B(f)(2)(C). VIMLY will not charge the Employer a separate fee for the services described in this Agreement.

ARTICLE V - Indemnification

5.1 Employer agrees to indemnify and hold VIMLY harmless against any loss, damage, or expense, including penalties and reasonable attorney fees, that VIMLY may incur or be required to pay as a result of any claim, demand, cause of action, lawsuit or proceeding arising out of or in any way in connection with the services provided under this Agreement resulting from the willful misconduct, negligence, fraud or bad faith of Employer, its employees or agents.

ARTICLE VI - Notices

6.1 Any notices permitted or required by this Agreement shall be sent to the intended recipient by first class mail at his or her last known address.

ARTICLE VII - Severability

7.1 If any term or provision of this Agreement is held to be unlawful or invalid for any reason, such unlawfulness or invalidity shall not affect the remaining portions of this Agreement.

ARTICLE VIII - Construction

8.1 This Agreement shall be construed and interpreted in accordance the laws of the State of Washington, the Employee Retirement Income Security Act of 1974, the Internal Revenue Code and the regulations there under, and any other applicable federal and state statutes and regulations.

ARTICLE IX - Arbitration of Disputes

9.1 Any claim or controversy that arises out of or relates to this Agreement or breach of it will be settled by arbitration in the City of Seattle, in the State of Washington, in accordance with the rules then obtaining of the American Arbitration Association. Judgment upon the award rendered may be entered in the King County Superior Court in the State of Washington.

ARTICLE X - Termination of COBRA Agreement

10.1 Employer or VIMLY may terminate this Agreement only upon 30 days advance written notification.

"Employer"

"Vimly"

Company Name (please print)

Signature

Name (please print)

Title

Date Signed

Signature

Name (please print)

Title

Date Signed

For Administrative Use:

Effective date of executed agreement

Client Account #

Copy of executed agreement returned to Employer on (date)

By (name)