

Willis Towers Watson Management (Vermont), Ltd.

and

**State of Arkansas
Bureau of Legislative Research**

MASTER MANAGEMENT SERVICES AGREEMENT

DATED

April 3 , 2025

PARTIES

- 1 Willis Towers Watson Management (Vermont), Ltd.**, of 38 Eastwood Drive, South Burlington, Vermont 05403 ("**Willis Towers Watson**" or "**WTW**"); and
- 2 State of Arkansas, Bureau of Legislative Research** of One Capitol Mall, Fifth Floor, Little Rock, Arkansas 72201 ("**the Client**" or "**BLR**").

Willis Towers Watson and Client also referred to herein each as a "Party" and collectively the "Parties".

BACKGROUND

- A Willis Towers Watson is a leading provider of captive management and captive consultancy services.
- B The Client wishes to appoint Willis Towers Watson to provide, and Willis Towers Watson agrees to provide, captive management and/or consultancy services to the Client on the terms set out in this Agreement and any applicable Scope of Work document.

OPERATIVE PROVISIONS

1 DEFINITIONS AND INTERPRETATION

1.1 In this Agreement, the following terms shall have the following meanings:

Affiliate	any company which shares the same ultimate holding company as the relevant Party, and that ultimate holding company;
Agreement or Contract	this Master Management Services Agreement;
Commencement Date	April 3, 2025;
Confidential Information	any proprietary information provided by one Party that would give a competitive advantage to other Party's competitors in whatever form, and any confidential information relating to the business, financial affairs, markets or the clients of a Party to this Agreement;
Fees	the fees payable by the Client to Willis Towers Watson for performance of the Services as detailed in the applicable Scope of Work;
Intellectual Property Rights	all copyright and rights in the nature of copyright, database rights, design rights, patents, trademarks, applications for any of the foregoing, moral rights,

	know-how, inventions, confidential information, or any other intellectual or industrial property rights whether or not registered or capable of registration and wherever in the world they subsist;
Policies	policies of insurance in respect of risks accepted by the Client;
Services	the services as set out in the applicable Statement of Work.
Scope of Work or SOW	the document setting forth the scope of services for each project entered into pursuant to this Agreement substantially in the form attached as Schedule A.
Third Party Service Provider	any third party appointed by the Client to assist in the administration of its insurance business, including but not limited to, auditors, actuaries, lawyers, tax advisers, loss adjusters, banks and investment managers.

- 1.2 The headings to Clauses and Schedules shall not affect their interpretation.
- 1.3 Any reference to a statute or statutory provision includes a reference to the statute or statutory provision as modified or re-enacted or both from time to time, and to any subordinate legislation made under it.
- 1.4 The singular includes the plural and vice versa, a reference to one gender includes the other gender and references to persons include bodies corporate or unincorporated.
- 1.5 Reference to the terms “insurance”, “insurable” or “insurers” shall, where applicable, extend to include the respective terms “reinsurance”, “reinsurable” or “reinsurers”.
- 1.6 Where expressions used in this Agreement are not specifically defined and are capable of having a special meaning according to the usage or custom of the insurance trade, such expressions are to be interpreted accordingly.

2 TERM

- 2.1 Term Dates. The original term (Original Term) of the Contract shall commence on April 3, 2025, and shall continue until April 3, 2029, unless earlier terminated or cancelled in accordance with the Contract or some other writing agreed to and signed by the parties, but in no event may the Original Term exceed a period of four (4) consecutive years from the effective date of the Original Term, unless exempt from Ark. Code Ann. § 19-11-238(c)(1). By written agreement of the parties, the term of the Contract may be extended or renewed for additional time beyond the Original Term. This allows for a total possible term (Total Possible Term) beyond the Contract’s Original Term, as defined in the following paragraph.

The Total Possible Term of the Contract is a period comprised of the Original Term plus any extensions or renewals that may be agreed to by the parties in

writing, but in no event longer than a period of seven (7) consecutive years from the effective date of the Original Term, unless otherwise provided by law. This Agreement shall commence on the Commencement Date and continue unless terminated by either Party in accordance with the provisions of Clause 13

3 SCOPE OF AGREEMENT

- 3.1 This Agreement governs the responsibilities of the Parties and the terms on which Willis Towers Watson provides the Services to the Client.
- 3.2 The scope of Services to be provided for each project will be agreed upon by the Parties hereto in a Scope of Work and shall, unless provided otherwise in the particular Scope of Work, incorporate the terms and conditions of this Agreement. Affiliates of Willis Towers Watson who provide services to the Client and Affiliates of Client also may enter Scope(s) of Work under this Agreement.

4 SERVICES

- 4.1 Willis Towers Watson shall provide the Services to the Client with all due care and skill to such standards as may be expected from a skilled captive manager .
- 4.2 Willis Towers Watson shall employ such suitably trained and qualified staff as it considers reasonably necessary to provide the Services to the Client in accordance with this Agreement.
- 4.3 Any information, advice, recommendations, reports, presentations or other communications provided to the Client by Willis Towers Watson under this Agreement ("**Willis Towers Watson Work Products**") are for the Client's internal use only and shall not be provided to or relied upon by any other party without Willis Towers Watson's prior written consent unless such disclosure is required under the Arkansas Freedom of Information Act, Ark. Code Ann. Section 25-19-101 et seq. Notwithstanding the foregoing, the Willis Towers Watson Work Products may be provided to the Client's accountants, attorneys, actuaries and financial advisors as required for the ordinary course management of the Client's business without the written consent of Willis Towers Watson; provided any Willis Towers Watson Work Products so provided are accompanied by the disclaimer set forth on Schedule B.
- 4.4 Willis Towers Watson shall not be obliged to take any action in connection with this Agreement or the Services that, in Willis Towers Watson's view, would place it in breach of any applicable law or the guidance or direction of any governmental or regulatory authority of competent jurisdiction. Further, Willis Towers Watson will comply with the insurance laws of the State of Arkansas and the rules of the Arkansas Insurance Department, and will fully cooperate with the Arkansas Insurance Department in the course of performance under this Agreement, including without limitation, assisting the Arkansas Insurance Department with on-site assessment of the Client's operations to the extent requested by the Arkansas Insurance Department.
- 4.5 Contractor shall not assign, sell, transfer, subcontract or sublet rights, or delegate responsibilities (except for its affiliates) under this Contract, in whole or in part, without the prior written approval of the Client.

5 THIRD PARTY SERVICE PROVIDERS

- 5.1 The Client is responsible for the selection and remuneration of all Third Party Service Providers, and Willis Towers Watson shall assume no liability for such selection, nor does Willis Towers Watson make any warranty or representation concerning the qualification of, or the services to be provided by, any Third Party Service Providers. Notwithstanding that Willis Towers Watson may be coordinating the services to be provided by such Third Party Service Providers, Willis Towers Watson shall have no liability for the performance or non-performance by any Third Party Service Provider selected by the Client of its obligations to the Client, other than to the extent such performance or non-performance arises directly as a result of Willis Towers Watson's wilful default or negligence.

6 TAX AND LEGAL MATTERS

- 6.1 Willis Towers Watson is not a legal adviser or a tax adviser and does not provide legal or tax advice. The Client should seek its own legal and tax advice from appropriately qualified professionals, including but not limited to matters relating to Corporation Tax, Value Added Tax (VAT), Self-Procurement Taxes, Insurance Premium Tax (IPT), and/or any other state insurance taxes applicable to a non-domiciliary insurer or insured or out-of-state insurance procurement.
- 6.2 Client acknowledges that it has an obligation to satisfy itself as to the applicability or otherwise of the European Union's Council Directive 2018/822 ("DAC 6") requirements to any of the arrangements contemplated by this Agreement, and to undertake any such analyses Client considers to be relevant to determine whether the need to make a disclosure to the applicable tax authorities, is required.
- 6.3 Client hereby agrees that it will provide WTW in a timely manner with any such analyses, as well as details (including the arrangement reference number(s)) of any disclosures made by you, as described in para 6.2.
- 6.4 Notwithstanding the foregoing, Client understands that WTW have an independent obligation to comply with DAC 6 and acknowledges that WTW are bound by a statutory duty to make its own disclosure, should WTW, in its reasonable opinion, determine that to be necessary. Where practicable WTW will share the disclosure with Client before it is filed, and in all cases, WTW will share the disclosure with Client after it is filed.

7 THE CLIENT'S OBLIGATIONS

- 7.1 Willis Towers Watson's obligation to perform the Services is conditional upon Willis Towers Watson receiving in a timely manner all instructions, resources, information and cooperation requested or required from the Client and/or relevant Third Party Service Providers in connection with the performance of such obligations.
- 7.2 The Client acknowledges and agrees that all information provided will, to the best of its knowledge, be accurate and complete in all material respects and that Willis Towers Watson may and shall rely on such information for the performance of the Services and shall have no obligation to verify the accuracy of such information. Willis Towers Watson shall not be treated as having notice of

information which may have been provided to an employee of Willis Towers Watson or its Affiliates or a company that is not involved in providing the Services.

- 7.3 The Client will ultimately make and be responsible for all decisions relating to the management of the Client's business.
- 7.4 The Client will review, and where appropriate approve and ratify, actions taken by Willis Towers Watson on the Client's behalf and all documents, including Policies, created by Willis Towers Watson on the Client's behalf to ensure that all information contained in such documents is correct and that such documents meet the Client requirements.
- 7.5 The Client will have sole responsibility for investment decisions made by the Client.
- 7.6 The Client shall advise Willis Towers Watson as soon as reasonably practicable of any changes in its circumstances that may affect the Services.

8 FEES AND EXPENSES

- 8.1 The fees for each project will be set forth in the Scope of Work ("**the Fees**"). The Fees are payable within thirty (30) days of the issue of an invoice being issued unless otherwise set forth in the SOW. The Fees are exclusive of taxes or similar charges, as well as customs, duties or tariffs imposed in relation to the Services, all of which shall be paid by the Client (including any such sums assessed or imposed retrospectively, but excluding any taxes imposed on Willis Towers Watson's income generally).
- 8.2 The Client agrees and acknowledges that the Fees may be subject to an annual price increase as stated in the Scope of Work.
- 8.3 If the Client's requirements change substantially from those set out in the Scope of Work resulting in an increase in amount of work required, or if events beyond Willis Towers Watson's control (including the Client's acts or omissions) affect Willis Towers Watson's ability to perform the Services as originally planned, then the Parties may agree in writing to a reasonable amendment to the Scope of Work (including, without limitation, the Fees) to reflect the changes to the Services.
- 8.4 As set forth in the applicable SOW, Willis Towers Watson will facilitate payment of "**Meeting Expenses**" as that term is defined in the next sentence. "**Meeting Expenses**" include, without limitation, the cost of meeting rooms, lodging, travel, meals, and any other costs incurred by Willis Towers Watson in connection with meetings it arranges for and with the Client, as permitted by the policies and laws related to travel reimbursements for the State of Arkansas. The Client shall reimburse Willis Towers Watson for all Meeting Expenses after such Meeting Expenses are invoiced to the Client by Willis Towers Watson.
- 8.5 All payments to the Contractor under this Contract shall be made exclusively through ACH (Automated Clearing House) direct deposit or through the State's authorized VISA Procurement Card (p-card). The Contractor agrees to provide the necessary banking information, including account number, routing number, and any other details required to facilitate ACH direct deposits. The Contractor is responsible for ensuring that the provided banking information is accurate and up to date. Any delays or errors in payment caused by incorrect or outdated

information provided by the Contractor shall not be the responsibility of the Client. The Client will process payments according to the agreed payment schedule, and all payments made via ACH direct deposit shall be considered as duly received upon successful transmission to the Contractor's designated bank account.

9 CONFIDENTIALITY

- 9.1 Each Party shall treat as confidential, and not disclose to any third parties, any Confidential Information relating to the other Party in its possession or control at all times unless the disclosure is required under the Arkansas Freedom of Information Act found at Arkansas Code Annotated Section 25-19-101 et seq.
- 9.2 Notwithstanding the provisions of Clause 9.1 above, Willis Towers Watson may:
- 9.2.1 disclose to Third Party Service Providers certain information relating to the Client which may be confidential where Willis Towers Watson reasonably considers such information to be necessary to enable the Third Party Service Provider to fulfil its functions;
 - 9.2.2 disclose certain anonymised industry wide statistics or other information which may include elements of Confidential Information solely for regulatory purposes; provided that Confidential Information specific to the Client shall not be disclosed without the Client's prior written consent; and
 - 9.2.3 disclose Confidential Information to its Affiliates as contemplated by Clause 11.2.
- 9.3 Notwithstanding the provisions of Clause 9.1 either Party may disclose any Confidential Information to the extent such information:
- 9.3.1 was lawfully in possession of that Party prior to disclosure under this Agreement free of any restriction as to its use or disclosure;
 - 9.3.2 comes within the public domain other than through breach of Clause 9.1;
 - 9.3.3 is required or requested to be divulged by any court, tribunal, regulator or governmental authority with competent jurisdiction; provided that, so far as it is lawful and reasonably practical to do so, prior to such disclosure, that Party shall promptly notify the other of such requirement and agree the timing and content of such disclosure; or
 - 9.3.4 is disclosed to that Party's professional advisers on a confidential basis for the purposes of obtaining professional advice or to their auditors.

10 INTELLECTUAL PROPERTY RIGHTS

- 10.1 Willis Towers Watson may use data, software, tools, models and other methodologies that it owns, or licences in performing the Services ("**the Methods and Materials**"). Notwithstanding the provision of the Services, or of any documents or data provided in connection with the Services, Willis Towers Watson retains all Intellectual Property Rights in the Methods and Materials (including any improvements of knowledge developed during the provision of the Services) and in Willis Towers Watson's working papers.

- 10.2 Willis Towers Watson hereby grants a non-exclusive, royalty-free licence to the Client to use and reproduce documents or data provided to the Client in connection with the Services for its own internal business purposes.

11 DATA PROTECTION

- 11.1 Willis Towers Watson shall at all times comply with relevant data protection legislation in processing any personal data provided to Willis Towers Watson in connection with the provision of the Services.
- 11.2 The Client acknowledges that Willis Towers Watson may contract with its Affiliates to perform certain of the Services and for system administration and hereby consents to the disclosure of its Confidential Information and other data it holds about the Client or other data subjects to such Affiliates to the extent required for the performance of the Services and for systems administration; provided that such Affiliates shall be obligated to maintain the confidentiality of the Confidential Information and other data in the same manner and to the same extent as Willis Towers Watson.
- 11.3 The State shall retain sole ownership, right, title, and interest to all data provided to WTW by the Client, excluding intellectual property and exclusions governed by applicable State and Federal laws. At the end of the contract and after confirmed transfer of the State-owned data, deliverables, and products the Willis Towers Watson has created, developed, produced, and managed while performing the services outlined in this RFP back to the State or their designee, Willis Towers Watson shall destroy all copies of the State-owned data it possesses. Notwithstanding the foregoing, Willis Towers Watson may retain archival copies in accordance with its record retention policies and procedures (a) with respect to backup media for which selective deletion of files or data is not feasible and (b) to enable Willis Towers Watson to comply with its professional standards requirements and substantiate its work in the event of a dispute or otherwise.
- 11.4 Willis Towers Watson shall ensure all personal data received as part of this contract is used solely for the purpose of this contract and not shared, reused, or disseminated to any other party or entity without the express written consent of the TSS designated representative or as otherwise required under applicable State and Federal laws.
- 11.5 Upon termination or expiration, should any subsequent contract for this or similar services be awarded to a provider other than the Willis Towers Watson, Willis Towers Watson shall, to the greatest extent possible and reasonable, cooperate with the Client in initiating a smooth and orderly transition to the next contractor upon mutual agreement on scope and fees for such transition. . All servers and data associated with the Services provided under this Contract must reside in the continental United States. The State's information must not be transferred or stored outside of the U.S.
- 11.6 **Data Protection by Vendor Personnel and Third Parties**
Vendor shall be fully responsible for its employees, contractors, subcontractors, agents, affiliates, and any other third parties to whom Customer Data is disclosed (collectively, "Vendor Representatives") and attests that such third party Vendor Representatives have substantially similar data protection obligations in place as set forth in this Agreement. Vendor shall ensure that all Vendor Representatives: (a) access and use Customer Data solely for the specific, limited purposes authorized under this Agreement; (b) implement and maintain appropriate

safeguards to protect the confidentiality, integrity, and security of Customer Data; and (c) securely delete or destroy all Customer Data once it is no longer required for the authorized purpose or upon termination of this Agreement, as provided under the applicable agreements. Vendor shall remain liable for any breach of this provision by any Vendor Representative.

12 ELECTRONIC COMMUNICATIONS

- 12.1 The Parties may, from time to time, communicate with each other and with other Parties, by electronic mail, sometimes attaching further electronic data. The Parties hereby accept the inherent risks (including the security risks of interception of or unauthorised access to such communications the risks of corruption of such communications and the risks of viruses or other harmful devices). Each Party shall be responsible for virus checking all electronic communications received from the other Party, and for checking that all messages received are complete. In the event of a dispute, neither Party shall challenge the legal evidential standing of an electronic document and the Willis Towers Watson system shall be deemed the primary record of communications and documentation.
- 12.2 The Client is advised that Willis Towers Watson's systems security devices block certain file extensions considered likely to be a security risk. Emails attaching such files will not get through to Willis Towers Watson; and no message will be sent to tell the Client they have been blocked.

13 TERMINATION

- 13.1 For Convenience. Either Party may terminate this contract for any reason by giving Willis Towers Watson written notice of such termination no less than sixty (60) days prior to the date of termination.
- 13.2 For Cause. Either Party may cancel this Contract for cause when other Party fails to perform its obligations under it by giving other Party written notice of such cancellation at least thirty (30) days prior to the date of proposed cancellation. In any written notice of cancellation for cause, non-breaching Party will advise breaching Party in writing of the reasons why the non-breaching Party is considering cancelling the Contract and may provide breaching Party with an opportunity to avoid cancellation for cause by curing any deficiencies identified in the notice of cancellation for cause prior to the date of proposed cancellation. The parties may endeavor to agree to reasonable modifications in the Contract to accommodate the causes of the cancellation for cause and avoid the cancellation, to the extent permitted by law.
- 13.2.1 Either Party may at any time by written notice terminate this Agreement immediately if the other Party commits a material breach of this Agreement, such breach, if capable of remedy, not being remedied within thirty (30) days of notice being given requiring that the breach is remedied; or ceases to carry on business, becomes insolvent, has a receiver appointed over all or substantially all of its assets, goes into liquidation or ceases to trade or suffers any other analogous event. Termination rights with respect to a specific Statement of Work shall be set forth in the Statement of Work.

- 13.3 If the Client fails to pay any sums due under this Agreement within thirty (30) days of the relevant due date, Willis Towers Watson may terminate this Agreement or suspend provision of the Services in whole or in part by giving not less than fourteen (14) days' notice to the Client.
- 13.4 Termination of this Agreement shall be without prejudice to the rights and obligations of each Party accrued prior to termination.
- 13.5 In the event this Agreement is terminated:
- 13.5.1 the Client shall, within thirty (30) days of receipt of Willis Towers Watson's invoice, pay Willis Towers Watson for all work in progress and Services already performed, and reimburse Willis Towers Watson for any Expenses and Meeting Expenses incurred, up to and including the effective date of the termination of this Agreement. Unless otherwise set forth in the applicable SOW, Fees due to Willis Towers Watson following any early termination of this Agreement shall be determined on a pro rata basis based on the date of effectiveness of the termination.
- 13.5.2 The Client shall arrange forthwith an alternative address as the Client's Registered Office and notify the Arkansas Department of Insurance thereof and provide to Willis Towers Watson a copy of the duly completed statutory form as filed with the Arkansas Department of Insurance to effect the alteration to the situation of the Client's Registered Office.
- 13.5.3 Willis Towers Watson shall arrange (at the Client's cost) for the transfer of all of the Client's records held by Willis Towers Watson to the address notified to Willis Towers Watson by the Client. If the Client fails to provide Willis Towers Watson with such an address or fails to take delivery of such records within six (6) months from the termination of this Agreement, Willis Towers Watson may, at Willis Towers Watson's option, retain such records (but reserve the right to levy a storage charge to the Client) or destroy such records. For as long as the Client's records are retained by Willis Towers Watson, Willis Towers Watson shall allow the Client access to those records on reasonable notice.
- 13.5.4 After the expiry of six (6) months from termination of this Agreement, Willis Towers Watson shall have no obligation to forward mail, correspondence, notices, documents or any other items whatsoever received for the Client and will accept no responsibility for or in connection with any legal proceedings, penalties, fines, liabilities, claims, costs, loss, damages, or for any financial or commercial loss, expenses or incidental loss to the Client or to any other person, resulting from the termination or from any failure to forward mail, correspondence, notices, documents or any other items whatsoever received on the Client's behalf.
- 13.6 The confidentiality obligations under this Agreement shall survive termination of this Agreement. Any other clauses of this Agreement that expressly or by implication provide a Party rights or obligations that extend beyond its termination shall continue indefinitely.

14 LIMITATION OF LIABILITY

- 14.1 Willis Towers Watson shall exercise all due care and skill in the performance of its obligations under this Agreement. All other warranties and representations, whether express or implied by law, are excluded to the extent permitted by law.

Without prejudice to the generality of the foregoing, Willis Towers Watson does not make any warranties, representations or guarantees in respect of:

- 14.1.1 the profitability or otherwise of the Client's business or that it will result in a financial gain to the Client's shareholders;
 - 14.1.2 any underwriting recommendations in connection with the Services; or
 - 14.1.3 the solvency of any markets selected to reinsure any insurance risks underwritten by the Client.
- 14.2 Willis Towers Watson's and/or the Willis Towers Watson Affiliates' aggregate liability for breach of contract, negligence, breach of statutory duty or other claim arising out of or in connection with this Agreement or the Services shall be limited as follows:
- 14.2.1 in respect of personal injury or death caused by Willis Towers Watson's negligence, no limit shall apply;
 - 14.2.2 in respect of fraudulent acts (including theft or conversion) or wilful default, as established by final adjudication of a court of competent jurisdiction, by Willis Towers Watson, no limit shall apply;
 - 14.2.3 in respect of other claims, the total aggregate liability of Willis Towers Watson shall be limited to the greater of (i) two hundred and fifty thousand dollars (\$250,000.00) or (ii) three times the Fees actually received by Willis Towers Watson in respect of the Services in the twelve (12) month period immediately preceding the claim; and
 - 14.2.4 subject to the provisions of Clauses 14.2.1 and 14.2.2, in respect of the following losses: loss of profit; loss of revenue; loss of opportunity; loss of reputation; loss of anticipated savings; increased costs of doing business; or any other special, indirect or consequential loss, Willis Towers Watson shall have no liability in any circumstances.
- 14.3 Subject to the provisions of Clauses 14.2.1 and 14.2.2, Willis Towers Watson shall have no liability to the Client in respect of any claim for breach of contract, negligence, breach of statutory duty or other claim, in respect of any delay or failure by Willis Towers Watson to perform any of its obligations under this Agreement to the extent such failure results directly or indirectly from any delay in providing information, or other negligent, or wilful act or omission by the Client or any third party, including but not limited to a Third Party Service Provider.

15 AUDIT

- 15.1 The Client may, during the term of this Agreement, audit the records held by Willis Towers Watson on its behalf, at its expense. WTW acknowledges that the legislation creating the State Captive Insurance Program requires an annual audit by the Arkansas Legislative Audit. Client will work to schedule its audit of the records held by WTW to coincide with the audit conducted by Arkansas Legislative Audit, in order to minimize disruptions to WTW's operations. Any such audit may only be conducted on reasonable written notice, during normal business hours, in a manner which is not unduly disruptive to Willis Towers Watson's ongoing business. Any second or subsequent audit, shall be subject to a reasonable additional fee to be agreed by the Parties.

16 WORK PRODUCT INDEMNITY

16.1.1 Willis Towers Watson disclaims all responsibility for any consequences whatsoever should a third party rely upon any Willis Towers Watson Work Product unless Willis Towers Watson has given its prior written consent. Save to the extent that such written consent has been provided, the Client shall indemnify Willis Towers Watson against all claims by third parties (including the Client's Affiliates) and any associated liabilities, damages, losses, costs and expenses arising out of the disclosure of any Willis Towers Watson Work Product to such third party or that third party's use of or reliance upon any Willis Towers Watson Work Product.

17 NON-SOLICITATION

- 17.1 The Parties hereto undertake that, for the duration of this Agreement and for a period of twelve (12) months after termination, neither will directly or indirectly approach for the purposes of employing or engaging; or employ or engage under any contract or agreement whatsoever any current or future employee of the other Party or of any of the other Party's Affiliates involved in the provision of the Services and performance under this Agreement, without the other Party's prior written consent
- 17.2 The provisions of this Clause 17 shall not apply where any employee of either Party accepts a position that has been publicly advertised and in respect of which neither Party has taken any steps to counsel, procure or assist the employee to apply for and/or secure and/or accept the position.

18 CONFLICTS OF INTEREST

- 18.1 Circumstances may arise where Willis Towers Watson has a conflict of interest or material interest in or related to a matter in which Willis Towers Watson are involved by virtue of Willis Towers Watson's provision of the Services. In such cases, Willis Towers Watson shall employ Willis Towers Watson's conflict management procedure. Where a conflict is unavoidable, Willis Towers Watson shall explain the position fully to the Client and manage the situation in such a way as to avoid any prejudice to the Client. If there is no practicable solution available, Willis Towers Watson shall withdraw from the situation unless the Client consents to Willis Towers Watson continuing to act.
- 18.2 It is agreed that a conflict of interest will not arise simply because a Willis Towers Watson Affiliate is appointed as insurance broker to the Client or an Affiliate of the Client.

19 NOTICES

- 19.1 Any notices relating to this Agreement must be in writing and must be delivered personally or sent by registered mail, or sent by electronic mail, in a form where receipt by recipient is acknowledged, as applicable, to:

Willis Towers Watson

Willis Towers Watson Management (Vermont), Ltd.
38 Eastwood Drive
South Burlington, VT 05403

FAO: Jason Palmer

The Client

State of Arkansas
Bureau of Legislative Research
One Capitol Mall, Fifth Floor
Little Rock, AR 72201
FAO: Marty Garrity

- 19.2 Notices shall be treated as received as follows: if delivered by hand, when delivered (unless delivered after 5.00 p.m. or not on a working day in which case it shall be treated as delivered on the next working day), if sent by registered mail forty-eight (48) hours after posting, or if delivered by electronic mail, the day such electronic mail is sent, unless sent after 5.00 p.m. or not on a working day in which case it shall be treated as delivered on the next working day.

20 FORCE MAJEURE

- 20.1 Neither Party shall be liable for breach of this Agreement (other than payment obligations) caused by circumstances beyond its reasonable control.

21 GOVERNING LAW AND DISPUTE RESOLUTION

- 21.1 **Governing Law.** This Agreement shall be governed by the laws of the State of Arkansas, without regard to Arkansas's conflict of law principles. Exclusive venue arising under this Contract is Pulaski County, Arkansas. Willis Towers Watson agrees that any claims against the BLR, whether arising in tort or in contract, shall be brought before the Arkansas State Claims Commission, as provided by Arkansas law, and shall be governed accordingly. Nothing in this Agreement shall be construed as a waiver of the State's sovereign immunity of the BLR, the Legislative Council, or the Arkansas General Assembly.
- 21.2 Should the Client wish to discuss how Willis Towers Watson's service could be improved, or have any cause for complaint about Willis Towers Watson's services, the Client may raise the matter in the first instance with the person who handles its account. Alternatively, the Client may contact Willis Towers Watson's Managing Director or the Office of the General Counsel at Willis Towers Watson, 200 Liberty Street, New York, NY 10281, Attention: Office of the General Counsel, North America Compliance. Willis Towers Watson will advise the Client of the person dealing with its complaint and send the Client a copy of Willis Towers Watson's complaints procedure.
- 21.3 The Client may call Willis Towers Watson to comment upon its service. The toll-free number allowing the Client to do so can be found on the Willis Towers Watson website at <http://www.willis.com/Contact Us/Client Hotlines>.
- 21.4 If any dispute arises out of this Agreement, the dispute shall first be referred to determination by the senior management of Willis Towers Watson and the Client who shall seek in good faith to resolve that dispute within thirty (30) days.

22 MISCELLANEOUS

- 22.1 Parties acknowledge and agree the terms and conditions of this Agreement are contingent upon the passage of proposed legislation, specifically SB481 or HB1821 or both, by the Ninety-Fifth General Assembly of the State of Arkansas, creating the State Captive Insurance Program.
- 22.2 No amendment, variation or modification of the Agreement shall be valid unless agreed to in writing by the Parties.
- 22.3 The Client may assign its rights or obligations to a State department as necessary to fulfil the requirements of the proposed legislation creating the State Captive Insurance Program.

- 22.4 This Agreement (including the Schedules) constitutes the entire agreement between the Parties with respect to the subject matter of this Agreement. This Agreement supersedes any previous agreement between the Parties relating to the subject matter thereof.
- 22.5 No failure or delay by a Party to exercise any rights or remedies it may have under this Agreement will be deemed to be a waiver of such right or remedy.
- 22.6 Any provision of this Agreement, in whole or in part, which is held to be illegal, invalid or unenforceable shall be ineffective only to the extent of such illegality, invalidity or unenforceability and the other provisions of this Agreement shall remain in full force and effect.
- 22.7 To comply with the applicable money laundering regulations there are times when Willis Towers Watson may ask clients to confirm (or reconfirm) their identity. Willis Towers Watson may need to do this at the time a client becomes a client, at some late date, or for example when checking details on proposal forms and transferring claims payments. This information may be shared with Willis Towers Watson's Affiliates. Please note that the applicable legislation obliges Willis Towers Watson to report knowledge or suspicion of money laundering in certain circumstances and Willis Towers Watson is prohibited from disclosing any report of this nature to its client.
- 22.8 Willis Towers Watson has systems that seek to protect Willis Towers Watson and its clients against fraud and other crime. Client information can be used to prevent crime and trace those responsible. Willis Towers Watson may check its clients' details against financial crime databanks. If false or inaccurate information is provided, Willis Towers Watson may be obliged to pass such details to the appropriate regulatory agencies that may use this information.
- 22.9 No term of this Agreement is intended to be enforceable by any third party other than by Willis Towers Watson Affiliates.
- 22.10 **Restriction of Boycott of Israel.** In accordance with Arkansas Code Annotated § 25-1-503, WTW hereby certifies and agrees that it is not currently engaged in, and agrees for the duration of the Agreement not to engage in, a boycott of Israel.
- 22.11 **Restriction of Boycott of Energy, Fossil Fuel, Firearms, and Ammunition Industries.** In accordance with Arkansas Code Annotated § 25-1-1101, et seq. WTW hereby certifies and agrees that it is not currently engaged in, and agrees for the duration of the Agreement not to engage in, a boycott of Energy, Fossil Fuel, Firearms, and Ammunition Industries.
- 22.12 **Illegal Immigrant Restriction:** No state agency may contract for services with a Contractor who knowingly employs or contracts with an illegal immigrant. Willis Towers Watson certifies that it does not knowingly employ, or contract with, illegal immigrants as required by Arkansas Code Annotated § 19-11-105.
- 22.13 **Scrutinized Company Restriction:** WTW confirms that it is not a Scrutinized Company and does not employ a Scrutinized Company as a subcontractor. See Arkansas Code Annotated § 25-1-1203
- 22.14 **Disclosure Required by Arkansas Executive Order 98-04.** Unless prohibited by law, WTW agrees to disclose information as required under the terms of Executive Order 98-04 and the Regulations pursuant thereto. WTW shall also

require any subcontractor to disclose the same information. The Contract and Grant Disclosure and Certification Form shall be used for this purpose. The failure of any person or entity to disclose as required under any term of Executive Order 98-04, or the violation of any rule, regulation or policy promulgated by the Department of Finance and Administration pursuant to this Order, shall be considered a material breach of the terms of the Agreement , and shall subject the party failing to disclose, or in violation, to all legal remedies available to the Agency under the provisions of existing law. For avoidance of doubt, “subcontractors,” for purposes of such requirement, means unaffiliated third parties engaged by WTW specifically for purposes of assisting in a Client project and does not include WTW Affiliates or third-party service providers/suppliers that provide products or services to WTW generally. This Agreement may be executed in multiple counterparts, each of which shall be deemed a duplicate original.

Signed by the Parties on the date of this Agreement:

Signed by)
for and on behalf of)
Willis Towers Watson)
Date)

Signed by)
for and on behalf of)
the Client)
Date)

SCHEDULE A

Scope of Work

This **Scope of Work** (this “**SOW**”) dated as of April 3, 2025.

This SOW is entered into pursuant to, and subject to the terms of, the **Master Management Services Agreement** (the “**MSA**”) dated as of April 3, 2025, by and between Willis Towers Watson and Client.

In the event of a conflict between the terms of this SOW and the terms of the MSA, the terms of this SOW shall apply. All terms capitalized herein and not otherwise defined shall have the meaning ascribed to them in the MSA.

1. Scope of Services

Jason Palmer will serve as the leader of this project and will have responsibility for its overall success. Other personnel may assist with the project as needed.

Willis Towers Watson shall provide to the Client the following services (“**Services**”):

2. Captive Consultancy Services

2.1 Captive Implementation Services

- 2.1.1 Develop a captive business plan;
- 2.1.2 Prepare, complete and submit an application for insurance license to captive domicile regulatory authorities;
- 2.1.3 Co-ordinate meetings with captive domicile regulatory authorities;
- 2.1.4 Liaise with attorneys to incorporate and capitalize the captive;
- 2.1.5 Assist with the selection and coordination of service providers, as appropriate;
- 2.1.6 Coordinate with the service providers all the necessary documentation to be filed with the captive domicile; and
- 2.1.7 All such other services as required to achieve an insurance license.

3. Captive Management Services

3.1 Insurance Program Design

- 3.1.1 Assist the the Secretary of the Department of Transformation and Shared Services and the Director of the Office of Property Risk for the SCIP beginning July 1, 2025, and before that date Director Garrity and the ALC-Executive Subcommittee (“**the Board**”) or authorized representative and its Brokers in the design of the insurance program to be implemented by the Client.
- 3.1.2 Discuss and agree annually with the Board a business plan, indicating the type and level of business to be written by the Client.

3.2 Underwriting

- 3.2.1 Gather information to assist in the analysis of risks presented to the Client;
- 3.2.2 Based on the information referred to in 3.2.1 above, assess the appropriate terms on which an insurance proposal may be accepted by the Client, and propose those terms to the insured or the Board of the Client or authorized representative for approval; or
- 3.2.3 Present to the Client underwriting proposals that may be made to the Client from time to time for acceptance or otherwise by the Client;

3.3 Insurance Administration

- 3.3.1 Review, prepare, present for execution by the Client and assist the Client with the issuance of Policies
- 3.3.2 Maintain a register of the Policies issued by the Client, including details of insureds/reinsureds and insured/reinsured risks.
- 3.3.3 Assist the Client in collection from insureds of premiums due to the Client in relation to the Policies and the payment of any commission and brokerage.
- 3.3.4 Ensure payment of premium taxes is made by local insured or contracted fiscal representatives.
- 3.3.5 Monitor and follow up on a regular basis, unpaid premium invoices.
- 3.3.6 Apply the reserving policy agreed by the Board or Authorized Representative.

3.4 Reinsurance

- 3.4.1 Under the direction of the Board and/or the Client's underwriting committee and/or the Authorized Representative, liaise as appropriate with the Client, appointed reinsurers, brokers and the Authorized Representative to determine applicable reinsurance cover terms and rates.
- 3.4.2 Review, prepare, present for execution by the Client reinsurance policies in respect of the risks ceded by the Client pursuant to Clause 3.4.1 above
- 3.4.3 On the Client's instructions, forward premiums payable by the Client to the Client's reinsurers or reinsurance brokers and ensure premium payment clauses on reinsurance contracts are met.
- 3.4.4 Maintain a register of reinsurance ceded by the Client, including details of insured risks.

3.5 Claims Management

- 3.5.1 In conjunction with the Board or the Authorized Representative, create Claims Protocols for notification of incident/claim to the Company.
- 3.5.2 Where cover is "fronted" by another insurer ("**the Fronter**") or a third-party administrator ("**TPA**") is appointed to handle claims:
 - 3.5.2.1 Receive a bordereaux of claims notified to the Fronter or TPA, review the bordereaux to ensure that the correct deductibles and policy limits have been applied and account for claims paid, recoveries received and reserve movements.

- 3.5.2.2 Reconcile paid claims on the bordereaux to payments from any escrow account held by the Fronter or TPA.
- 3.5.2.3 Reimburse the Fronter or TPA in respect of claims paid net of recoveries received.
- 3.5.2.4 Undertake a periodic review of a sample of claims notified on the bordereaux to ensure that they have been correctly paid.
- 3.5.3 Where a loss adjuster has been nominated to handle claims by the Client:
 - 3.5.3.1 Pay amounts and establish outstanding loss reserves as recommended by the appointed loss adjuster
 - 3.5.3.2 Review the loss adjuster reports, liaise with the loss adjuster regarding the recommended settlement and pay amounts and establish outstanding loss reserves as agreed with the loss adjuster
 - 3.5.3.3 Receive loss adjuster reports and submit to the Board for consideration.
- 3.5.4 Where claims are submitted direct to Willis Towers Watson:
 - 3.5.4.1 Receive claims from the insured and submit the claim to the Board for consideration.
 - 3.5.4.2 Receive claims from the insured, assess the claim and establishment of outstanding loss reserves and recommend acceptance or declination of the claim to the Board.
 - 3.5.4.3 Receive claims from the insured, assess the claim and establish outstanding loss reserves and accept or decline the claim on behalf of the Client.
- 3.5.5 Ensure, if required, an appropriate claims register including open and closed claim details with appropriate reserve and paid amounts is maintained unless otherwise contracted to a third party.
- 3.5.6 Keep reinsurers informed of all applicable claims except where this is contracted to a third party.
- 3.5.7 Collect reinsurance recoveries as necessary and arrange subrogation, as necessary.
- 3.5.8 Monitor claims activity and volumes to ensure they are consistent with business plan expectations and fully investigate any unexpected departures from projected levels.
- 3.5.9 Accept service of court documentation on behalf of the Client, unless instructed otherwise by the Client.

3.6 Accounting

- 3.6.1 Initiate and maintain in accordance with generally accepted accounting principles applicable to a governmental entity operating an insurance program(s), proper accounting records of income and out goings and such other books of account so as to present accurately on a quarterly basis a fair and accurate statement of the financial state of the Company.
- 3.6.2 Provide the Client's directors ("**the Directors**") quarterly with management accounts as prepared in the reporting format required by the Directors, including a breakdown by underwriting year of claims movement and reserves.
- 3.6.3 Provide annually to shareholder an analysis and breakdown of annual financial statements in a specific group reporting format pack.
- 3.6.4 Monitor on a regular basis the specific requirements of Arkansas for solvency margin, capital adequacy or regulatory ratios to ensure they are met.
- 3.6.5 On an annual basis provide assistance in the creation of a budget to the Directors in relation to the following year's financials.
- 3.6.6 Provide annual management accounts to the auditors for the purpose of audit and assist in the preparation of audited financial statements for incorporation in the Annual Comprehensive Financial Report.

3.7 Banking and Cash Management

- 3.7.1 Arrange for the opening and maintaining of bank accounts and subsequent investment of the Client's funds in accordance with instructions issued from time to time by the Board or the Authorized Representative.
- 3.7.2 Arrange for the payment/transfer of the Client's funds in accordance with directions issued to Willis Towers Watson from time to time by the Client or Authorized Representative.
- 3.7.3 Maintain and operate such bank accounts on such terms and in accordance with such directions as may be agreed from time to time in writing by the Client or by resolution of the Board to be necessary or expedient for the proper conduct of the Client's insurance.
- 3.7.4 Reconcile, on a monthly basis, all inward and outward payments in relation to the Client's bank accounts held at the banks appointed by the Board or the Authorized Representative.
- 3.7.5 Provide a cash statement on a quarterly basis to the Client showing all funds received and all disbursements made.
- 3.7.6 Implement the investment strategy of the Client according to the instructions of the Board or their appointed investment committee or authorized representative, including liaising with any appointed investment manager, placement of monies on deposit under instruction, and the accounting of all investment incomes, gains and losses in the Client's books of account.
- 3.7.7 Review any investment manager's report and advise the Board or their appointed investment committee or Authorized Representative if the investment manager has reported any transgression of investment guidelines and of the performance relative to such benchmark as the Client might specify from time to time.

- 3.7.8 For the avoidance of doubt, Willis Towers Watson shall not be entitled to borrow money on behalf of the Client, dispose of the Client's assets, incur capital expenditure or enter into guarantees on behalf of the Client other than in the normal course of underwriting save as set out in this Agreement or as authorised by the Board.

3.8 Company Secretarial

- 3.8.1 Make arrangement for the calling and holding of the Board, any sub-committees and annual shareholder or ad hoc meetings (of Directors or shareholders) in the chosen domicile. Provision of circular resolution facilities as required by the Client.
- 3.8.2 Prepare an agenda for the Board meetings and circulate a notice and respective Board materials to include management accounts, manager's report, cash and investment summaries, underwriting program summaries and claims summaries
- 3.8.3 Make all relevant returns to the State of Arkansas.

3.9 Regulatory Compliance

- 3.9.1 Facilitation of onsite supervisory visits to Willis Towers Watson offices, by the insurance regulator.
- 3.9.2 Liaise with the insurance regulator in regard to changes in existing regulations and guidelines. Advise the Directors of changes in regulations and guidelines and relevance. Provide to new Directors and officers appropriate documentation for submission to the regulator and follow up with authorization.
- 3.9.3 Provide the Client's directors with update on corporate governance, compliance, and regulatory issues at each Board meeting.
- 3.9.4 Make all necessary returns to the insurance regulator and observe all requirements imposed by the insurance regulator upon the Client, including regarding access to records.

4. Other services

Willis Towers Watson recognizes that the Client may also ask us, from time to time, to provide other services.

For incidental additional services Willis Towers Watson would usually provide those services without the need for an additional signed Scope of Work but simply to let the Client have an indication of the scope of the further services that Willis Towers Watson proposes to provide. The work undertaken in those cases will be undertaken under the terms of this SOW.

In the case of more substantial projects or pieces of advice Willis Towers Watson reserves the right to issue further, separate, SOW setting out in full the terms upon which Willis Towers Watson would be willing to undertake the project, or provide the advice, in question.

5. Term

This SOW will terminate as of the termination of the MSA.

6. Fees and expenses

Fixed fee and expenses

The Client will compensate Willis Towers Watson on a fixed fee basis for the Services in connection with the Feasibility and Implementation. Willis Towers Watson's charges will consist of the following components:

- a fixed one-time fee in the amount of \$15,000 for Captive Implementation Services; and
- a fixed annual fee for ongoing captive management services

Year One	Year Two	Year Three	Year Four
\$60,000	\$63,000	\$66,150	\$69,500

Invoicing and payment

The Fees are payable within thirty (30) days of the issue of an invoice being issued. The Fees are exclusive of taxes or similar charges, as well as customs, duties or tariffs imposed in relation to the Services, all of which shall be paid by the Client (including any such sums assessed or imposed retrospectively, but excluding any taxes imposed on Willis Towers Watson's income generally).

Signed by and on behalf of Willis Towers Watson Management (Vermont), Ltd.

By:

Print name: Jason Palmer

Print title: Director

Date:

Accepted and agreed on behalf of State of Arkansas, Bureau of Legislative Research

By:

Print name: Marty Garrity

Print title: Director

Date:

SCHEDULE B

DISCLAIMER

The attached material is the Work Product of Willis Towers Watson Management (Vermont Ltd. ("Willis Towers Watson")) prepared solely for State of Arkansas, Bureau of Legislative Research and may be not relied on by any other party for any purpose without the express written consent of Willis Towers Watson. This Work Product is confidential and by accepting it you agree not to disclose it to any other third party, except as required by law. Willis Towers Watson disclaims all responsibility for any consequences whatsoever should you or any other third party rely upon any Willis Towers Watson Work Product unless Willis Towers Watson has given its prior written consent to disclose its Work Product to such third party.