APPENDIX 1

STANDARD REINSURANCE AGREEMENT
REINSURANCE YEAR BEGINNING JULY 1, 1997

SECTION I. PROCUREMENT INTEGRITY

A. During this Agreement, the Company shall not knowingly:

1. make, directly or indirectly, any offer or promise of future employment or business opportunity to, or engage, directly or indirectly, in any discussion of future employment or business opportunity with, any FCIC official;

2. offer, give, or promise to offer or give, directly or indirectly, any money, gratuity, or other thing of value to any FCIC official; or

3. solicit or obtain, directly or indirectly, from any officer or employee of FCIC, prior to FCIC’s acceptance of this Agreement any proprietary or source selection information regarding the Agreement.

B. During this Agreement, no FCIC official shall knowingly:

1. solicit or accept, directly or indirectly, any promise of future employment or business opportunity from, or engage, directly or indirectly, in any discussion of future employment or business opportunity with, any officer, employee, representative, agent, or consultant of the Company;

2. ask for, demand, exact, solicit, seek, accept, receive, or agree to receive, directly or indirectly, any money, gratuity, or other thing of value from any officer, employee, representative, agent, or consultant of the Company; or

3. disclose any proprietary or source selection information regarding the Agreement directly or indirectly to any person other than a person authorized by FCIC to receive such information.

C. During this Agreement, no person who is given authorized or unauthorized access to proprietary information regarding the Agreement, shall knowingly disclose such information, directly or indirectly, to any person other than a person authorized by FCIC to receive such information.

D. No Government official or employee who has participated personally and substantially in the deliberation of the Agreement with the Company shall:
I. participate in any manner, as an officer, employee, agent, or representative of another party to this Agreement, in any negotiations regarding such an Agreement, or

2. participate personally and substantially on behalf of another party to this Agreement in the performance of such Agreement, during the period ending 2 years after the last date such individual participated personally and substantially in the conduct of such Agreement.

E. The definitions at 48 C.F.R. § 3.104-4 are incorporated in this Agreement for the purposes of this subsection.

F. If the Company fails to comply with this subsection, FCIC may terminate this Agreement for cause.

G. For the purpose of this section, the term "FCIC Official" has the same meaning as the term "Procurement Official" in section 6 of the Office of Federal Procurement Policy Act Amendments of 1988 (Public Law 100-379).

SECTION II. DRUG FREE WORKPLACE

A. For the purposes of this section the following definitions apply:

1. "Controlled Substance" means a controlled substance contained in schedules I through V of section 202 of the Controlled Substances Act (21 U.S.C. § 812) and as further defined at 21 C.F.R. §§ 1308.11-1308.15.

2. "Conviction" means a finding of guilt (including a plea of nolo contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or state criminal drug statutes.

3. "Criminal Drug Statute" means a Federal or non-federal criminal statute involving the manufacture, distribution, dispensing, possession, or use of any controlled substance.

4. "Drug-free Workplace" means a site for the performance of work done by the Company in connection with the Agreement at which employees of the Company are prohibited from engaging in the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance.

5. "Directly Engaged" is defined to include all direct cost employees and any other contract employee who has other than a minimal impact or involvement in the Company's performance.
6. "Employee" means an employee of a Company directly engaged in the performance of work under the Agreement.

B. The Company certifies and agrees, that with respect to all employees of the Company to be employed pursuant to the Agreement, it will, no later than thirty (30) days after the date this Agreement goes into effect, complete the following:

1. Publish a statement notifying its employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the Company's workplace and specifying actions that will be taken against employees for violations of such prohibition;

2. Establish an ongoing drug-free awareness program to inform employees about the dangers of drug abuse in the workplace, the Company's policy of maintaining a drug-free workplace, the availability of drug counseling, rehabilitation, employee assistance programs, and penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;

3. Provide all employees engaged in the performance of the Agreement with a copy of the statement required by paragraph (2);

4. Notify employees in writing of the statement required by paragraph (2) of this provision that, as a condition of continued employment on the Agreement resulting from this solicitation, the employee will abide by the terms of this statement, and notify the employer in writing of the employee's conviction under a criminal drug statute for a violation occurring in the workplace no later than five (5) days after such conviction;

5. Notify FCIC in writing within ten (10) days after receiving notice under paragraph (4), from any employee or otherwise receiving actual notice of such conviction. The notice shall include the position title of the employee; and

6. Within 30 days after receiving notice under paragraph (4) of a conviction, take one of the following actions with respect to any employee who is convicted of a drug abuse violation occurring in the workplace: a) take appropriate personnel action against such employee, up to and including termination or b) require that such employee satisfactorily participate in a drug abuse assistance or rehabilitation program approved for such purposes by a federal, state, or local health, law enforcement, or other appropriate agency.

7. Make a good faith effort to maintain a drug free workplace through the implementation of this provision.
C. The Company certifies and agrees that it will not engage in the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance in the performance of this Agreement.

SECTION III. ANTI-LOBBYING

A. The following definitions apply only to the provisions of this section.

1. "Agency," as used in this article, means executive agency as defined in 48 C.F.R. § 2.101.

2. "Covered Federal Action," means any of the following Federal actions:
   i. The awarding of any Federal contract.
   ii. The making of any Federal grant.
   iii. The making of any Federal loan.
   iv. The entering into of any cooperative agreement.
   v. The extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

3. "Indian Tribe" and "Tribal Organization", has the meaning provided in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. § 450B) and includes Alaskan Natives.

4. "Influencing or attempting to influence," means making, with the intent to influence, any communication to or appearance before an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any covered Federal action.

5. "Local government," means a unit of government in a state and, if chartered, established, or otherwise recognized by a state for the performance of a governmental duty, including a local public authority, a special district, an intrastate district, a council of governments, a sponsor group representative organization, and any other instrumentality of a local government.

6. "Officer or employee of an agency," includes the following individuals who are employed by an agency:
i. An individual who is appointed to a position in the Government under title 5, United States Code, including a position under a temporary appointment.

ii. A member of the uniformed services, as defined in subsection 101(3), title 37, United States Code.

iii. A special Government employee, as defined in section 202, title 18, United States Code.

iv. An individual who is a member of a Federal advisory committee, as defined by the Federal Advisory Committee Act, title 5, United States Code, appendix.

7. "Person," means an individual, corporation, company, association, authority, firm, partnership, society, state, and local government, regardless of whether such entity is operated for profit, or not for profit. This term excludes an Indian tribe, tribal organization, or any other Indian organization with respect to expenditures specifically permitted by other Federal law.

8. "Reasonable compensation," means, with respect to a regularly employed officer or employee of any person, compensation that is consistent with the normal compensation for such officer or employee for work that is not furnished to, not funded by, or not furnished in cooperation with the Federal Government.

9. "Reasonable payment," means, with respect to professional and other technical services, a payment in an amount that is consistent with the amount normally paid for such services in the private sector.

10. "Recipient," includes the Company and all related Company representatives. This term excludes an Indian tribe, tribal organization, or any other Indian organization with respect to expenditures specifically permitted by other Federal law.

11. "Regularly employed," means, with respect to an officer or employee of a person requesting or receiving a federal contract, an officer or employee who is employed by such person for at least 130 working days within 1 year immediately preceding the date of the submission that initiates agency consideration of such person for receipt of such contract. An officer or employee who is employed by such person for less than 130 working days within 1 year immediately preceding the date of the submission that initiates agency consideration of such person shall be considered to be regularly employed as soon as he or she is employed by such person for 130 working days.

12. "State," means a state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, a territory or possession of the United States, an
agency or instrumentality of a state, and multi-state, regional, or interstate entity having governmental duties and powers.

B. The definitions and prohibitions contained in the Federal Acquisition Regulation, at 48 C.F.R. § 52.203-12, Limitation on Payments to Influence Certain Federal Transactions, are hereby incorporated by reference herein.

C. The Company hereby certifies to the best of his or her knowledge and belief that:

1. No federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress on his or her behalf in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any federal contract, grant, loan, or cooperative agreement;

2. If any funds other than federal appropriated funds (including profit or fee received under a covered federal transaction) have been paid, or will be paid, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress on his or her behalf in connection with this Agreement, the Company shall complete and submit OMB standard form LLL, Disclosure of Lobbying Activities, to the FCIC; and

3. The Company will include the language of this certification in all subcontract awards at any tier and require that all recipients of subcontract awards in excess of $100,000 shall certify and disclose accordingly.

D. Submission of this certification and disclosure is a prerequisite for making or entering into this Agreement as imposed by section 1352, title 31, United States Code. Any person who makes an expenditure prohibited under this provision or who fails to file or amend the disclosure form to be filed or amended by this provision, shall be subject to a civil penalty of not less than $10,000, and not more than $100,000, for each such failure.

E. The prohibitions contained in section 1352 of title 31, United States Code, are incorporated by reference and prohibit a recipient of a federal contract, grant, loan, or cooperative agreement from using appropriated funds to pay any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any of the following covered federal actions: the awarding of any federal contract; the making of any federal grant; the making of any federal loan; the entering into of any cooperative agreement; or the modification of any federal contract, grant, loan, or cooperative agreement. The Company is also required
to furnish a disclosure if any funds other than federal appropriated funds (including profit or fee received under a covered federal transaction) have been paid, or will be paid, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with a federal contract, grant, loan, or cooperative agreement.

F. The prohibitions of paragraph E. do not apply under the following conditions:

1. **Agency and legislative liaison by own employees**
   
a. The prohibition on the use of appropriated funds, does not apply in the case of a payment of reasonable compensation made to an officer or employee of a person requesting or receiving a covered federal action if the payment is for agency and legislative liaison activities not directly related to a covered federal action.

b. Providing any information specifically requested by an agency or Congress is permitted at any time.

c. The following agency and legislative liaison activities are permitted at any time where they are not related to a specific solicitation for any covered federal action: (i) discussing with an agency the qualities and characteristics (including individual demonstrations) of the person's products or services, conditions or terms of sale, and service capabilities; and (ii) technical discussions and other activities regarding the application or adaptation of the person's products or services for an agency's use.

d. The following agency and legislative liaison activities are permitted where they are prior to formal solicitation of any covered federal action: (i) providing any information not specifically requested but necessary for an agency to make an informed decision about initiation of a covered federal action; (ii) technical discussions regarding the preparation of an unsolicited proposal prior to its official submission; and (iii) capability presentations by persons seeking awards from an agency pursuant to the provisions of the Small Business Act, as amended by Pub. L. 95-507, and subsequent amendments.

e. Only those services expressly authorized by subparagraph F.1 are permitted.

2. **Professional and technical services**
   
a. The prohibition on the use of appropriated funds, in paragraph F.1.a, does not apply in the case of: (i) a payment of reasonable compensation made to an officer or employee of a person requesting or receiving a covered federal action or an extension, continuation, renewal, amendment, or modification of a
covered federal action, if payment is for professional or technical services rendered directly in the preparation, submission, or negotiation of any bid, proposal, or application for that federal action or for meeting requirements imposed by or pursuant to law as a condition for receiving that federal action; (ii) any reasonable payment to a person, other than an officer or employee of a person requesting or receiving a covered federal action or an extension, continuation, renewal, amendment, or modification of a covered federal action, if the payment is for professional or technical services rendered directly in the preparation, submission, or negotiation of any bid, proposal, or application for that federal action or for meeting requirements imposed by or pursuant to law as a condition for receiving that federal action. Persons other than officers or employees of a person requesting or receiving a covered federal action include consultants and trade associations.

b. For purposes of the provisions of (i) of the preceding paragraph, "professional and technical services" shall be limited to advice and analysis directly applying any professional or technical discipline. For example, drafting of a legal document accompanying a bid or proposal by a lawyer is allowable. Similarly, technical advice provided by an engineer on the performance or operational capability of a piece of equipment rendered directly in the negotiation of a contract is allowable. However, communications with the intent to influence made by a professional (such as a licensed lawyer) or a technical person (such as a licensed accountant) are not allowable under this section unless they provide advice and analysis directly applying their professional or technical expertise and unless the advice or analysis is rendered directly and solely in the preparation, submission, or negotiation of a covered federal action. Thus, for example, communications with the intent to influence made by a lawyer that do not provide legal advice or analysis directly and solely related to the legal aspects of his or her client's proposal, but generally advocate one proposal over another are not allowable under this section because the lawyer is not providing professional legal services. Similarly, communications with the intent to influence made by an engineer providing an engineering analysis prior to the preparation or submission of a bid or proposal are not allowable under this section since the engineer is providing technical services but not directly in the preparation, submission, or negotiation of a covered federal action.

c. Requirements imposed by or pursuant to law as a condition for receiving a covered federal award include those required by law or regulation and any other requirements in the actual award documents.

d. Only those services expressly authorized by paragraph F.2.a.(i) are permitted under this article.
e. The reporting requirements of 48 C.F.R. § 3.803(a) shall not apply with respect to payments of reasonable compensation made to regularly employed officers or employees of a person.

3. Disclosure

a. The Company shall file with FCIC a disclosure form, OMB Standard Form LLL, Disclosure of Lobbying Activities, if such person has made or has agreed to make any payment using non-appropriated funds (to include profits from any covered federal action), which would be prohibited, if paid for with appropriated funds.

b. The Company shall file a disclosure form at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the information contained in any disclosure form previously filed by the Company under this section. An event that materially affects the accuracy of the information reported includes--i) A cumulative increase of $25,000 or more in the amount paid or expected to be paid for influencing or attempting to influence a covered federal action; or ii) A change in the person or individual influencing or attempting to influence a covered federal action; or iii) A change in the officer, employee, or Member contacted to influence or attempt to influence a covered federal action.

c. The Company shall require the submittal of a certification, and if required, a disclosure form by any person who requests or received any subcontract exceeding $100,000 under the federal contract.

d. All subcontractor disclosure forms (but not certifications) shall be forwarded from tier to tier until received by the Company. The Company shall submit all disclosures to FCIC at the end of the calendar quarter in which the disclosure form is submitted by the subcontractor. Each subcontractor certification shall be retained in the subcontract file of the Company.

4. Agreement. The Company agrees not to make any payment prohibited by this Agreement.

5. Cost allocability. Nothing in this section makes allowable or reasonable any costs which would otherwise be unallowable or unreasonable. Conversely, costs made specifically unallowable by the requirements in this section will not be made allowable under any other provision.