

Proposed Distribution (1)

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(1) Note: Total undistributed surplus for all policy years combined must agree to the year-end statutory annual statement.

INDEMNITY AGREEMENT

THIS INDENTURE, made and entered into this _____ day of _____ A.D., _____, by and between all the parties who are now or may hereafter become members of the _____ Group Self-Insurance Fund, acting by and through a Board of Trustees of their own selection.

WITNESSETH

WHEREAS, the undersigned persons, firms and corporations, hereinafter referred to as "Members," have applied to the Department of the Rhode Island Department of Business Regulation, hereinafter referred to as the "Department," for authority to pool our liabilities pursuant to the terms of the Rhode Island Workers' Compensation Law and specifically as provided by R.I. Gen. Laws § 28-27-1 *et seq*, and

WHEREAS, the said members have organized and formed a fund pursuant to said Chapter, which shall be known as _____ Group Self-Insurance Fund, herein referred to as the "Group," and

WHEREAS, the members of said Group have designated _____ as its first Board of Trustees to direct the affairs of said Group and to pass on the admissibility of future members of the Group until the members select succeeding Trustees for said Group, and

WHEREAS, the said Trustees have designated _____ as Service Agent for said Group;

NOW, THEREFORE, for and in consideration of the mutual covenants, promises and obligations herein contained, which are given to and accepted by each member hereof to the other, the parties to this instrument covenant, stipulate and agree as follows:

1. The Group hereby agrees either to file with the Department a corporate bond or other acceptable security in the principal sum of _____ dollars (\$) or to deposit _____ dollars (\$) in acceptable securities with the Department to secure performance by the Group for payment of all lawful awards made by the Department against any member or members of the group,

predicated on a claim or claims by an employee or employees of any member of the Group, arising out of and in the course of such claimant's employment, and which awards shall have been sustained by the courts where an appeal by either party is taken.

2. The members of this Group do jointly and severally covenant and agree that they will pay any such award as would otherwise be a claim against the aforesaid surety bond or securities as soon as the same shall become payable under the laws of the State of Rhode Island; and do further jointly and severally covenant and agree to pay all taxes and assessments as may be required by law.

3. The members intend this agreement as a mutual covenant of assumption and not as partnership, but should any court of competent jurisdiction construe same to be a partnership, then it is the intention of the parties that such partnership be limited in scope to the uses for which this contract is executed and no other.

4. That, subject to the approval of the Department, the Trustees of the Group shall set up, operate, and enforce its own administrative rules, regulations and by-laws as between the individual members of the Fund.

5. The members ratify and confirm appointment by the Trustees of _____ as Service Agent for the Group and its members, individually and collectively. The Service Agent's books and records are to be open to inspection by the Department and by the Trustees or their agents at all reasonable times.

6. All premiums as and when collected shall be deposited to the account of the Trustees at any bank or banks designated by the Trustees, and said monies shall be disbursed only as provided by (1) the rules, regulations and by-laws of the Trustees, (2) the Agreement between the Trustees and the Service Agent, and (3) the Rules of the Department pertaining to self-insurers funds.

7. The Trustees are authorized and directed to take all reasonable precaution to protect the members from losses and shall provide for excess insurance coverage designed to protect said members against excess losses. The contracts for coverage shall be governed by the Rules for the Department pertaining to self-insurers.

8. All members of the Group hereby agree that the Trustees may admit as members of this Group only acceptable and financially sound employers in the State of Rhode Island, and that, subject to the approval of the Department, the Trustees shall be sole judge of whether or not any applying business shall be admitted to membership.

9. The rules and regulations for the administering of the Group and the admission and expulsion or suspension of members shall be promulgated by the Trustees. However, each member of the Fund agrees to abide by the following rules and regulations:

(a) In the event of an accident or a reported claim, to make immediate provision for remedial care for his employees, and to give immediate notification of said accident to the Service Agent on the prescribed forms.

(b) The members shall make prompt payment of all premiums and assessments as required by the Trustees, said premiums to be determined by applying applicable experience modification to the standard rates for the exposure to risk, said standard rates and rules as filed by the Northeastern Council on Compensation Insurance and approved by the Department. Further, said premium shall include loss and expense constants and minimum premiums, where applicable. Finally, said premium may be reduced by any discount allowed by the Trustees as long as such discount does not exceed the amount permitted by the Rules of the Department pertaining to self-insurers.

(c) The member hereby appoints the Service Agent of this Group as his agent and attorney-in-fact to act in his behalf and to execute all contracts and reports, waivers, agreements, and excess insurance contracts; to make or arrange for payment of claims, medical expenses and all other things required or necessary insofar as they effect his workers' compensation and/or employer's liability and as covered by the terms of this Agreement and the rules and regulations as now provided or as hereafter promulgated by the Trustees and the Department.

(d) The member agrees that in the event of the payment of any loss by the Group under this contract, the Group shall be subrogated to the extent of such payment to all the rights of the member against any person or other entity legally responsible for damages for said loss, and in such event the member hereby agrees to render all reasonable assistance, other than pecuniary, to effect recovery.

(e) The Group is to defend in the name of and on behalf of the member any suits or other proceedings which may at any time be instituted against him on account of injuries or death within the purview of the Workers' Compensation Law or on the basis of the employer's liability, including suits or other proceedings alleging such injuries and demanding damages or compensation therefore, although such suits, other proceedings, allegations or demands are wholly groundless, false, or fraudulent, and to pay all costs taxed against this member in any legal proceeding defended by the company, all interest accruing after entry of

judgement and all expenses incurred for investigation, negotiation or defense.

(f) Liability for the Group to the employees of any employer is specifically limited to such obligations as are imposed by law against the employer for workers' compensation and/or employer's liability.

(g) The Trustees of the Group, the Service Agent, and any of their agents, servants, employees or attorneys shall be permitted at all reasonable times to inspect the work places, plants, works, machinery and appliances covered by this agreement, and shall be permitted at all reasonable times and within two years after the final termination of the membership to examine member's books, vouchers, contracts, documents, and records of any and every kind which show or tend to show or verify the premium which is payable under the terms hereof.

(h) The coverage of the Group does not apply to punitive or exemplary damages on account of such injuries to any employee or employer in violation of the law.

10. The Trustees are authorized to set aside from the premiums collected a reasonable sum for the operating expenses or administrative expenses of the Group. All remaining funds coming into their hands during any one fiscal year of the Group shall be set aside and shall be used only for the following purposes:

(a) Fee for the Service Agent for said Group.

(b) Payments for medical, surgical, hospital and nursing expense, and payments of compensation to employees covered by this contract, including settlements, awards, judgments, legal fees, and costs in all contest cases.

(c) Payment of assessments and taxes as required by law.

(d) Payment of cost of all bonds and auditing expenses required of the Group or its agents or employees.

(e) Distribution to members in such a manner as the Trustee shall deem to be equitable of any excess monies remaining after payment of claims and claims expenses and after provision has been made for open claims and outstanding reserves.

11. The Group shall operate on a fiscal year from 12:01 a.m. _____ first to midnight of the last day in _____ of the succeeding year. Application for continuing membership, when approved in writing by the Trustees or their

designee, shall constitute a continuing contract for each succeeding fiscal period unless cancelled by the Department or the Group or unless the member shall have resigned or withdrawn from said Group by written notice.

12. The members jointly and severally covenant and agree that there will be no disbursement out of this Fund by way of dividends or distribution of accumulated reserve to members until after provision has been made for all obligations under the Workers' Compensation Law against said Group and except at the discretion of the Trustees, upon application to and approval by the Department.

13. Any member who formally applies for membership in this Group and is accepted by the Trustees shall thereupon become a party to this agreement and be bound by all of the terms and conditions hereof, and said approved application shall constitute a counterpart of this agreement.

IN WITNESS WHEREOF, the members of

Group Self-Insurance Fund have caused these presents to be signed by their duly authorized Chairman of the Board of Trustees and have had this agreement attested by its duly authorized secretary.

Group Self-Insurance Fund. By

ATTEST:

Secretary of Board of Trustees

Signed, sealed and delivered in the presence of:

We, the undersigned _____ do hereunto set our hands and seals to certify our acceptance of our duties as Service Agent for _____

Self-Insurance Fund this _____ day of _____, _____ .

By

Attest

Its Secretary

Signed, sealed and delivered in the presence of:
