



INDEMNITY AGREEMENT

INDEMNITY AGREEMENT, made this ____ day of _____, 19__, by and between all the parties who are now or may hereafter become Participants in The Construction Association of Michigan Workers' Compensation Plan, acting by and through Trustees of their own selection.

WHEREAS, the undersigned persons, firms and corporations (Participants), have applied to the Michigan Bureau of Workers' Compensation (Bureau) for authority to pool their liabilities pursuant to the terms of the Michigan Workers' Disability Compensation Law and specifically as provided by Michigan Compiled Laws Section 418.611; and

WHEREAS, the Participants have organized and formed a Plan pursuant to that Section, which Plan shall be known as The Construction Association of Michigan Workers' Compensation Plan (Plan or CAM-COMP); and

WHEREAS, the following have been designated Trustees of the Plan:

to direct the affairs of the Plan and to pass on the admissibility of future Participants of the Plan; and

WHEREAS, the Trustees are responsible for the administration of the Plan; and

WHEREAS, the Bureau, upon petition of the Plan, has made its order approving the application, but upon the following conditions, to wit:

I.

That the Participants of the Plan execute a covenant or agreement whereby the Plan and its Participants will jointly and severally covenant to assume and discharge, by payment, any lawful awards entered by the Bureau against any Participant of the Plan, which awards shall have been sustained by the courts where an appeal by either party is taken.

II.

That the Participants of the Plan execute a covenant or agreement whereby the Plan and each Participant thereof will jointly and severally covenant and agree to pay premiums and assessments, based upon appropriate classifications and rates, into a designated cash reserve fund out of which lawful and proper claims and awards are to be paid. Further, that the Plan will jointly and severally covenant and agree there will be no disbursements out of this fund by way of dividends or distribution of accumulated reserves to the respective Participants, except at the direction of the Bureau.

AND WHEREAS, the Participants of the Plan, through their designated Trustees, have elected to comply with the conditions and become self-insurers, and to execute the other covenants required:

In consideration of the mutual covenants, promises and obligations herein contained, which are given to and accepted by each Participant hereof to the other and to the Trustees, the parties to this Agreement agree as follows:

(1) The Plan Participants assume the responsibility of performance by the Plan of payment of all lawful awards made by the Bureau against any Participant or Participants of the Plan, predicated on a claim or claims by an employee or employees of any Participant of the Plan, arising out of and in the course of such claimant's employment, and which awards shall have been sustained by the court where an appeal by either party is taken; provided the Participant through which such claim originates shall not have resigned from, or have been expelled from the Plan after twenty (20) days notice to the Bureau and the Participant of such resignation, or expulsion; and the notice to the Bureau and the Participant of the Plan shall have been given twenty (20) days prior to the accident complained of.

(2) The Participants intend this agreement as a mutual covenant of assumption and not as a 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 Agreement is executed and no other.

(3) Subject to the approval of the Bureau, the Trustees shall set up, operate, and enforce administrative rules, Operating Procedures, Memorandum of Coverage, regulations and By-Laws as between the Participants and the Plan.

(4) The Participants ratify and confirm the authority of the Trustees to appoint a servicing agent or agents (hereinafter agents) for the Plan and its Participants, individually and collectively. The Trustees' designee or designees shall determine all sums due to the Plan from the Participants, pay all approved items of expense as directed by the Trustees, and give the Trustees a monthly account of all monies so handled. The Trustee shall negotiate and allocate a budget for the designated agents. The budget shall encompass all services and expenses for administration of the Plan, which services or expenses may include the collecting, disbursing and accounting for monies collected, risk management counseling with Participants, claim handling and investigation, providing for excess insurance coverage and the fees for such agents as the Trustees shall hire or retain to achieve or perform the listed services. The claims servicing agents' books and records pertaining to the Plan are to be open to inspection by the Bureau and by the Trustees or their agents at all reasonable times.

(5) All premiums as and when collected shall be immediately deposited into the account of the Plan, at any bank or banks designated by the Trustees, and the 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 their agents, and (3) the rules of the Bureau pertaining to group self-insurers.

(6) The Trustees are authorized and directed to take all reasonable precautions which they deem appropriate to protect the Participants from losses and shall provide for such excess insurance coverage designed to protect the Participants against excess losses as the Trustees deem appropriate. The contracts for coverage shall be governed by the Rules of the Bureau pertaining to self-insurers.

(7) The Trustees may admit as Participants of this Plan only employers in the State of Michigan who are in the same industry and who they deem are acceptable and financially sound, and that, subject to the approval of the Bureau, the Trustees shall be the sole judge of whether or not an applying business shall be admitted to participate; and further, that a Participant may be suspended or expelled from the Plan after twenty (20) days notice has been given to it and the Bureau, and that no liability shall accrue to the Plan or its Participants for any accident to an employee of the expelled or suspended Participant occurring after twenty (20) days from the date the notice was received by the former Participant and the Bureau as above provided. No liability shall accrue to the Plan or its Participants for a disease caused or aggravated by exposure to conditions causing the disease, when the last day of the last exposure occurs to an employee in the employment of a terminated, expelled or suspended Participant after twenty (20) days from the date notice was received by the former Participant and by the Bureau as above provided. No liability shall accrue to the Plan or any Participants with respect to the Participant who has resigned from the Plan and to its employees twenty (20) days after such notification is received by the Bureau to the same extent as the Plan would be free from liability to an expelled Participant and its employees.

(8) The Trustees from time to time shall set forth in writing the Operating Procedures for administering and operating the Plan and for admitting and expelling Participants and a copy thereof shall be delivered to each Participant. Each Participant shall abide by the terms of this Agreement in addition to any other rules, regulations or procedures so adopted by the Trustees.

(a) Each Participant shall follow the safety recommendations of the Trustees and their designated agents in order to give its employees the maximum in safe and sanitary working conditions, and to follow the general recommendations of the Plan in this field to promote the general welfare of its employees.

(b) In the event of an accident, job related illness, or a reported claim, each Participant shall make immediate provision for remedial care for its employees, and shall give immediate notification of the accident, job related illness or reported claim, to the Trustees or their designated agent in accordance with the Operating Procedures.

(c) Each Participant shall promptly pay all approved premiums and assessments as required by the Trustees, which premiums are to be determined by applying applicable experience modification to the rates allowed by the Trustees, approved by the Bureau and by the excess insurance carrier of the Plan. Further, the premium shall include loss and expense constants and minimum premiums, where applicable. Finally, the premium may be reduced by any discount allowed by the Trustees and approved the Bureau, as long as such discount does not exceed the amount permitted by the Bureau. Each Participant shall indemnify the Plan for all punitive or exemplary damages on account of bodily injury, death or disease of such Participant's employee, employed in violation of law or with respect to any employee employed in violation of law with the knowledge or acquiescence of the Participant or any executive officer thereof.

(d) Each Participant shall, and by signing this Indemnity Agreement does, appoint the current Trustees' designated agent of this Plan and any successor agent from time to time appointed by the Trustees as its agent and attorney-in-fact to act in its behalf and to execute all contracts, reports, waivers, and agreements to make or arrange for payment of claims, medical expenses, and all other things required or necessary insofar as they affect its workers' compensation liability under Michigan law and as covered by the terms of this Plan agreement and the rules and regulations as now provided or as hereafter promulgated by the Trustees and/or the Bureau.

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

(f) The Plan is to defend in the name of and on behalf of the Participant any suits or other proceedings which may at any time be instituted against it on account of injuries or death within the purview of the Michigan Workers' Compensation Law or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding damages or compensation therefor, although such suits, other proceedings, allegations or demands are wholly groundless, false or fraudulent, and to pay all costs taxed against this Participant in any legal proceeding defended by the Plan, all interest accruing after entry of judgment and all expenses incurred for investigation, negotiation or defense.

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

(h) The Trustees of the Plan and any of their agents, designees, 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 (2) years after the final termination of the membership to examine Participant'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.

(9) The Trustees shall set aside from the premiums collected during each fiscal year a reasonable sum for the operating expenses and administrative expenses of the Plan for that year. All remaining funds coming into their hands with respect to that fiscal year of the Plan shall be set aside and shall be used only for the following purposes:

(a) Fees for their agents, sub-agents and designees for that year of the Fund as provided in Paragraph 5, supra.

(b) Payments for those benefits provided by the Michigan Workers' Disability Compensation Act and also legal fees and costs in all contested cases related to that fiscal year.

- (c) Payment of assessments as required by the Michigan Workers' Disability Compensation Act.
- (d) Payment of costs of all bonds and auditing expenses required of the Plan or its agents or employees by the Bureau related to that fiscal year.
- (e) Payment of all premiums and costs for excess lines coverage for protection obtained from outside carriers for exposure beyond that assumed by the Plan.
- (f) Payment of all costs associated with banking transactions in which the Plan is or becomes involved.
- (g) Distribution among the Participants during that fiscal year, in accordance with the By-Laws and Operating Procedures of the Plan and in such manner as the Bureau 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; provided, however, no such distributions shall be made earlier than twelve (12) months after the end of each Plan year, except surplus monies not needed to satisfy the Claims Funds requirements as established by the aggregate excess contract may be refunded immediately after the end of the Plan Year and after approval by the Bureau and in accordance with the By-Laws and Operating Procedures of the Plan; provided further that undistributed excess funds from previous Plan Years may be distributed at any time if not required for reserves and if approved for distribution by the Bureau and in accordance with the By-Laws and Operating Procedures of the Plan.

(10) The Plan shall operate on a fiscal year from 12:01 a.m. January 1 of each year to 12:00 midnight of December 31 of the same year. Application for continuing Participation, when approved in writing by the Trustees or their designee, shall constitute a continuing contract for each succeeding fiscal period unless canceled by the Bureau or the Plan, or unless the Participant shall have resigned or withdrawn or have been expelled from the Plan by written notice.

(11) There will be no disbursement out of this Plan for any fiscal year by way of dividends or distribution of accumulated reserve to Participants until (a) provision has been made for all known obligations under the Workers' Compensation Law against the Plan and such reserves for late filed claims as the Bureau shall deem appropriate based upon past experience; (b) the Bureau shall deem the distribution to be proper; and (c) Participant is in conformance with the By-Laws and Operating Procedures of the Plan.

(12) Any business which subsequently formally applies for participation in this Plan and is accepted by the Trustees and the Bureau as required shall thereupon become a party to this Agreement and be bound by all of the terms and conditions hereof, and the signing of a copy of this Agreement shall constitute a counterpart of this Agreement.

IN WITNESS WHEREOF, the Participants in the Construction Association of Michigan Workers' Compensation Plan 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.

The Construction Association of Michigan
Workers' Compensation Plan

By: _____
(Authorized signature)

(Title)

ATTEST:

Secretary of Board of Trustees

Signed, sealed and delivered
in the presence of:

WITNESSES:

