

Group Self-Insurer Applicants:

Michigan statute allows two or more employers in the same industry with combined assets of \$1,000,000 or more to enter into an agreement to pool their liabilities under the Michigan Workers' Disability Compensation Act of 1969, as amended, for the purpose of qualifying as self-insurers. Application for group self-insured authority is made on form WC-402G. Form WC-402G, the applicable statutory requirements and administrative rules are attached. All administrative rules and the statute should be reviewed to gain an understanding of the requirements for group self-insured authority in the state of Michigan. All requirements as set forth in Rule 13e must be met before authority will be granted. The initial board of trustees must develop a definition of the industry that will make up the group. The definition must be approved by the Workers' Compensation Agency (the "Agency").

An indemnity agreement (for nonpublic employer group self-insurers only), following the language of the sample attached, and the proposed by-laws of the group must be submitted with the application for Agency consideration.

An application for membership in the group (and indemnity agreement for all nonpublic employers) must be completed for each member of the group applying for coverage on the inception date of the group. The form must be approved by the Agency (a sample is attached). The trustees of the group must provide proof satisfactory to the Agency that the annual gross premium of the starting group will not be less than \$500,000 per year. Specific excess and aggregate excess insurance by an admitted carrier in an amount acceptable to the Agency will be required. The loss fund on the aggregate contract should be no more than 75 percent of collected premium. The minimum loss fund on the aggregate excess contract must be no more than 80 percent of the estimated loss fund. A signed service contract designating an approved service company to handle the administration of claims and loss control must be furnished.

A blanket fidelity bond in an amount of at least \$1,000,000 will be furnished to cover all individuals, including employees of the service company, who will be involved in the handling of monies of the group.

A surety bond or financial security endorsement will also be required. The amount will be determined after the application and supporting documentation have been provided.

The decision for granting group self-insured authority is based on the individual financial condition of each member applying for membership on the inception date, together with the overall financial condition of the members taken as a whole. The group must demonstrate that it will collect sufficient premium to fully fund all administrative expenses and the loss fund (as estimated by the aggregate excess insurer). The approval process for group self-insured authority normally requires two to three meetings and at least 45 days. Incomplete applications or the failure to provide any of the requirements set forth in Rule 13e will delay the process and decision.

Nonpublic employers that are approved to form group self-insurance programs in the state will contribute to the Self-Insurers' Security Fund, Second Injury Fund, Dust Disease Fund and Safety Education and Training Levy according to the statute. The group will make reports on behalf of the group's employer members to this Agency as any insurance company would. Current assessment amounts can be secured by contacting the Funds Administration, 7201 W. Saginaw Highway, Suite 110, Lansing, MI 48917, (517) 241-8999.

After the initial group self-insured authority is granted, new employers will be admitted to the group only after completing the individual membership application and approval is granted for that member by the group and the Agency.

The authority for the privilege of operating as a group self-insurer is renewed annually following the initial approval date. Form WC-402G shall be used in seeking renewal authority.

If we can be of assistance in the completion of forms, or answer any question about group self-insurers in Michigan, you may contact our offices at (517) 322-1868.

Attachments

WORKERS' DISABILITY COMPENSATION GROUP SELF-INSURER APPLICATION

Michigan Department of Energy, Labor & Economic Growth
 Workers' Compensation Agency
 Self-Insured Programs
 7150 Harris Drive (48913)
 PO Box 30016
 Lansing, Michigan 48909

New _____

Renewal _____

Authority: Workers' Disability Compensation Act of 1969, as amended Completion: Mandatory Penalty: Denial/Termination of Self-Insured Status	The Department of Energy, Labor & Economic Growth will not discriminate against any individual or group because of race, sex, religion, age, national origin, color, marital status, disability, height, weight, or political belief.
--	---

1. APPLICANT:

Applicant Group:	
Address:	
City, State, Zip Code:	FEIN No.

2. TRUSTEES:

Name:	Business Address:

3. ADMINISTRATOR:

Name:	Telephone:
Address:	Fax Number:

4. CLAIMS PROGRAM:

Service Company:	Telephone:
Address:	Fax Number:

5. SAFETY PROGRAM:

Name:	Telephone:
Address:	Fax Number:

6. ON NEW APPLICATIONS: Attach an exhibit detailing the following by applicable code classification for the proposed year: code classification, payroll, rate per \$100, manual premium, modified premium and discount, if applicable.

7. ON RENEWAL APPLICATIONS: Attach an exhibit detailing the following by applicable code classification for the renewal year: code classification, payroll, rate per \$100, manual premium, modified premium and discount, if applicable.

Number of Employer Members: (Attach Membership List)	Group Experience Modifier:
Excess Carrier:	Standard Premium:
Policy Number:	Discounts:
Total Estimated Premium:	Collectable Premium:

RENEWAL APPLICANTS MUST ATTACH A CURRENT LOSS SUMMARY FOR ALL GROUP YEARS, AND A COPY OF THE CURRENT FINANCIAL REPORT.

8. EXCESS INSURANCE AND BOND INFORMATION:

Specific Excess Policy Limit:	Aggregate Excess Policy Limit:
Retention:	Term:
Term:	Loss Fund % of Collectable Premium:
Fidelity Policy: Amount: Bond Number: Carrier:	Estimated Loss Fund:
Surety Bond: Amount: Bond Number: Carrier:	Minimum Loss Fund:

ALL EXCESS INSURANCE TERMS MUST BE CONFIRMED AND PROVIDED WITH THE APPLICATION, INCLUDING A COPY OF THE GROUP'S FIDELITY POLICY WITH PROOF THAT THE FIDELITY POLICY IS CURRENT. THIS APPLICATION MUST BE RECEIVED BY THE AGENCY 30 DAYS PRIOR TO ITS EFFECTIVE DATE.

9. PROJECTED ADMINISTRATIVE EXPENSE:

Estimated Collected Premium: _____

	In dollars	As % of premium
Excess Insurance:		
Service Company Fee:		
Bonds and Other Insurance:		
General Administrative Expenses:		

ATTACH A COPY OF THE SERVICE COMPANY AND ADMINISTRATOR CONTRACTS.

In consideration of the privilege of being a group self-insurer, we hereby agree:

- a. That we will discharge our liability for compensation to injured employees or their dependents in accordance with the requirements of the Michigan Workers' Disability Compensation Act of 1969, as amended.
- b. That we will follow the administrative rules of the agency and any additional conditions imposed by the agency as part of our approval.
- c. That we will promptly furnish all reports to the Workers' Compensation Agency which it may lawfully require under the Michigan Workers' Disability Compensation Act of 1969, as amended.
- d. That we will notify the Workers' Compensation Agency promptly of any unfavorable turn in our financial condition which might reasonably reduce our ability to carry our own risk under the Michigan Workers' Disability Compensation Act of 1969, as amended.

We affirm all information submitted as being true.

GROUP NAME: _____

NOTARY SIGNATURE: _____

COUNTY OF: _____

BY: _____
Type Name of Person Signing

MY COMMISSION EXPIRES: _____

TITLE: _____
Title of Person Signing

DATE: _____

SIGNATURE: _____

AFFIX STAMP:

**APPLICATION FOR MEMBERSHIP IN
“NAME OF THE GROUP”**

Applicant Name			
Mailing Address (Street No. and Name)			
City, State, ZIP Code			
Phone # ()	Fax # ()	Federal Tax ID#	Date Coverage Begins:
Description of business:			
Location and names of operations other than the above:			
Michigan Employment Security Commission number:			
Number of employees regularly employed in Michigan:			
Total payroll for all Michigan employees for the past year:			
Above company has been in existence in the state of Michigan since:			

List all names of partners, corporate officers, or directors:

Name	Office/Title	% of Ownership

Is this applicant an employee leasing company? Yes No

If yes, list all entities where employees are placed, the names of the entities owners and their % of ownership.

These entities must participate in the group.

Entity	Name of Owner	% of Ownership

1. Are you a division or subsidiary of a parent corporation?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	If yes, please explain
2. Years under present ownership:			
3. Does your business have locations or job sites outside of the state of Michigan?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	If yes, please explain
4. Do any of the company's employees travel outside of the state of Michigan on business of the employer member?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	If yes, please explain
5. Current workers' compensation carrier:			

PLEASE NOTE: If you answered yes to question #3, your company may have potential liability that will not be covered by this group self-insurer. You are cautioned to make appropriate arrangements to obtain the necessary insurance to cover those exposures.

Explanations: (Attach additional sheets if necessary)

WAGE AND LOSS HISTORY DATA SHEET

Estimated annual payroll by specific industry code (S.I.C.) classification:

Class Code	Classification	Estimated Annual Payroll

CLAIMS EXPERIENCE

Accident experience for twelve months preceding this application:

Number of deaths:
Number of permanent and total disabilities:
Number of cases of specific loss:
Number of injuries causing 7 or more days of disability:

Claims experience over the past five years:

From	To	Gross Payroll	Paid Claims	Reserves	Total Incurred

Losses in excess of \$10,000 over the past five years:

Date	Injury	Total Amount	Open or Closed

STATEMENT OF FINANCIAL CONDITION OF: (APPLICANT) _____

Attach annual report, audited financial report, or report prepared for other regulatory agencies

Financial Statement: (Required by the Michigan Department of Energy, Labor & Economic Growth)

Please provide a copy of your most current balance sheet or have your bookkeeper **complete** and **sign** the form below.
Information stated below is confidential and will be viewed only by the fund administrator and Agency.

Current Year _____ 20 _____

STATEMENT OF ASSETS & LIABILITIES

Assets:		
Current Assets		
Cash on Hand in Banks	\$	
Stocks & Bonds		
Notes & Accounts Receivable		
Inventories		
Other Current Assets		
		Total Current Assets \$
Other Assets		
Properties, Building & Equipment	\$	
Good Will		
Other		
Total Other Assets	\$	
		Total Assets \$
Liabilities:		
Current Liabilities		
Accrued Payroll	\$	
Trade Account Payable		
Notes Payable, short-term		
Taxes Payable		
		Total Current Liabilities \$
Other Liabilities		
Notes Payable, long-term	\$	
Mortgages Payable		
Bonds Payable		
Total Other Liabilities	\$	
		Total Liabilities \$
Capital		
Capital Stock	\$	
Paid in Surplus		
Retained Earnings		
Total Capital	\$	
		Total Capital & Liabilities \$
Signature (REQUIRED)		
Mailing Address (Street No. and Name)		
City, State, ZIP Code		Phone# ()

The Applicant hereby certifies, warrants and represents that the financial statement included herewith and signed by the Applicant and the payroll information provided herein are accurate and true as of the date of this application and that the Applicant will provide _____(name of group) (the “Group”) with such other information required to qualify the Applicant with the applicable state authorities or other such persons designated by the Group. The Applicant warrants and represents that the Applicant will report all payroll of any kind, whether paid in cash, by check, or any other method, to the Group periodically, or when requested, and agrees to make available all pertinent records at such reasonable times as requested.

We hereby formally apply for workers’ disability compensation self-insurer coverage in the Group, to be effective 12:01 a.m. on the effective date given by the Michigan Workers’ Compensation Agency on the application and Form WC-650, following acceptance by the board of trustees or their designated representative. With acceptance and approval of the application, the Applicant hereby constitutes and appoints the Group and/or its designated representative to act on the Employer’s behalf as agent and/or attorney in fact.

We further agree as follows:

- (a) That we will accept and be bound by the provisions of the Michigan Workers’ Disability Compensation Act of 1969, as amended.
- (b) That, by this reference, the terms, and provisions of the Indemnity Agreement and/or Amendments thereto filed or which may hereafter be filed with the Michigan Workers’ Compensation Agency are hereby adopted, approved, ratified and confirmed by us; and further, we agree to assume all of the obligations set forth therein, including our joint and several liabilities for payment of any lawful awards against any member of the Group; and in the event we fail to pay any premium or lawful assessment within thirty (30) days of the date the same shall become due, we will pay all costs of the collection thereof, including reasonable attorney fees.
- (c) That we will abide by the rules and regulations of the Group and will conform to the terms of the agreements the Group may enter into with any authorized service company as long as we remain a member of the Group.
- (d) That, in the event of any changes in our corporate structure, or in our legal entity, or if any locations are to be added to or deleted from the coverage, we agree to notify the Group at the office of _____(name of service company), or at the offices of the Group’s Administrator.
- (e) That should we desire to cancel our coverage, we will give the Group written notice at least thirty (30) days prior to the cancellation.
- (f) That coverage under this membership shall be for Michigan operations only.
- (g) That the Wage Declaration Schedule and/or Renewal Certificates, when completed and returned to us by the Group, shall become part of this agreement.
- (h) That in consideration for the privilege of being a self-insurer, we hereby agree that we will discharge our liability for compensation to injured employees or their dependents in accordance with the requirements of the Michigan Workers’ Disability Compensation Act of 1969, as amended.
- (i) That we will promptly furnish to the Workers’ Compensation Agency all reports which it may lawfully require under the Michigan Workers’ Disability Compensation Act of 1969, as amended.
- (j) That in case of insolvency we shall make our records available to an agent of the Group.

We affirm all information submitted as being true and understand that the information in this application or otherwise submitted will be the basis for determining eligibility to participate in the Group. We understand and agree that any misrepresentation on this application will permit the Group to cancel our coverage.

We understand that completing this application and/or paying a deposit and/or paying an entire annual premium does not guarantee, nor does it imply, that coverage will be provided on the date requested. Coverage is effective only when and if the application is approved by both the _____(name of Group) and the Michigan Department of Energy, Labor &

Economic Growth.

Signature of Applicant

Title: (Owner, Partner, or Corporate Officer)

Date

Accepted by:

The above application is hereby approved for membership in the (name of Group)_____

Signed this _____ day of _____ 20_____.

By: _____
Group Administrator

**GROUP SELF-INSURER
JOINT AND SEVERAL
INDEMNITY AGREEMENT**

THAT we, the individual members of the _____, have executed this joint and several indemnity agreement pursuant to the Workers' Disability Compensation Act of 1969, as amended, MCL 418.611(2).

WHEREAS, execution of this indemnification agreement by each initial member and subsequent members accepted into the group will be by reference in the application for membership and by signature on this document as an attachment to the application. Each application and indemnity agreement will be signed by an authorized representative of each employer with legal authority to execute the application and indemnity agreement.

WHEREAS, each group member, as a self-insurer, by its signature on the application for membership and this indemnification agreement, hereby acknowledges and accepts joint and several liability with all other group members for all liability incurred by each member, arising under the aforesaid act, and all liability incurred by the group members in the operation of this self-insurers group.

WHEREAS, each member, pursuant to Michigan Administrative Code, 408.43e(k) 1984, MR 7, effective July 19, 1984, agrees to comply with all provisions of the Workers' Disability Compensation Act of 1969, as amended, and further each member understands assessment of the members may be ordered pursuant to Michigan Administrative Code 408.43j(3)c 1984, MR 7, effective July 19, 1984.

NOW, THEREFORE, this agreement is in full force and effect this _____ day of _____ 20_____ and is irrevocable. Initial members and subsequent approved members are bound by this agreement. This agreement shall become effective for each member on the date of admission into the group.

BY: _____
Type Name of Person Signing

NOTARY SIGNATURE: _____

TITLE: _____
Title of Person Signing

COUNTY OF: _____

SIGNATURE: _____

MY COMMISSION EXPIRES: _____

DATE: _____

AFFIX STAMP:

**“NAME OF THE FUND”
BY-LAWS**

ARTICLE I
Name and Location

1. The name of this organization shall be (name of the Group).
2. Its principal office shall be located in the state of Michigan at such places as the Governing Board of the Trustees (the "Trustees") may from time to time determine.
3. Other office(s) for the transaction of business may be located at such place(s) as the Trustees may from time to time determine; which offices need not be the principal office.
4. These By-Laws are adopted pursuant to and in compliance with the laws of the state of Michigan and with the rules and regulations of the Michigan Department of Energy, Labor & Economic Growth, Workers' Compensation Agency (the "Agency").
5. This Group is established as a mechanism whereby employer members may pool their liabilities for workers' compensation pursuant to Section 611 of the Workers' Disability Compensation Act of 1969, as amended.

ARTICLE II
Eligibility

1. The Trustees may admit an employer as a participant in the (name of the Group) which meets all of the following criteria:
 - a. An employer member must be one of the following (definition of the industry as agreed to by the Agency and the group program must be inserted here).
 - b. An employer member must have a positive equity and a positive current ratio and meet such other financial standards as are required by the Trustees.
 - c. Employer members must also meet any other qualifications that may from time to time be set by the Trustees and/or appropriate governmental authorities.
2. The Trustees may grant a designated representative or employee of the Group the authority to accept new applications on a provisional basis prior to final approval by the Trustees.
3. It shall be a requirement for continuing participation in the Group that a member remain in good standing as herein defined and as interpreted by the Trustees. To remain in good standing, a participant must timely comply with all requests of the Trustees and their designated representatives and employees with regard to premium payments, dues payments and payroll information and must be in constant compliance with the other procedures, loss prevention program and claims procedures mandated by the Group.

ARTICLE III
Trustees

1. The business and property of the Group shall be supervised and managed by a Board of Trustees consisting of not less than _____ people. The initial appointed Trustees shall hold an election within six months after approval of the Group by the Agency. The purpose of this election shall be to establish an elected Board of Trustees pursuant to Agency rules. The Board of Trustees shall be elected annually thereafter as provided for in paragraph 2 of this Article. Each Trustee shall hold office until their successor Trustee is elected. Property of the Group shall include by way of example and not limitation; all bank accounts and financial rights and benefits; all software programs and data used and developed by or for the Group; all employer member's information and lists of employer members, receivables, courses of action, etc.

2. At the first election of Trustees, the Trustees shall be elected as follows:
 - a. One third (1/3) of the members to be elected for one (1) year.
 - b. One third (1/3) of the members to be elected for two (2) years.
 - c. One third (1/3) of the members to be elected for three (3) years.

At each succeeding annual meeting of employer members, the number of Trustees to be elected for a term of three (3) years shall equal one third (1/3) of the total of Trustees as provided for in paragraph 1 of this Article. If paragraph 1 of this Article is amended to provide for a total number of Trustees not equally divisible by three (3), such amendment must specify how such number will be elected for staggered terms.

3. The Trustees shall:
 - a. Supervise the administration of the Group, appointing such committees as shall be necessary.
 - b. Employ or designate such additional employees or representatives to oversee the day to day operations of the Group and to act as the attorney-in-fact for the Group.
 - c. Employ or designate such additional employees or representatives as required to carry out the day to day claims administration, risk management, marketing, underwriting, general administration, and fiscal administration of the Group.
 - d. Employ legal counsel, accountants and such other professional services, as they from time to time shall deem necessary.
 - e. Contract with a Department of Energy, Labor & Economic Growth approved service company for claims administration.
 - f. Contract for excess insurance.
 - g. Set requirements for the admission of employer members in the Group which shall include such precautions as they, from time to time, shall deem appropriate; to limit participation in the Group to employers who are financially stable and amenable to good safety practices.
 - h. Endeavor to see that the Group is safely and prudently administered.
 - i. Perform any other function incident to their office and in keeping with the laws of the State of Michigan.
 - j. Keep written records and listing of all matter of authority delegated to any and all designated representatives or employees.

4. Vacancies on the Board of Trustees group may be filled by a majority vote of the Trustees remaining after the vacancy has occurred, and the Trustees so chosen shall serve for the unexpired term with respect to which such vacancy occurred.

5. A majority of the Trustees shall be employees of employer members of the Group which are in good standing.

6. The Trustees, by a majority vote, shall elect a chairman, a vice chairman, secretary, treasurer, and such additional assistant secretaries, assistant treasurers and officers as they deem advisable.

7. The Trustees may delegate to a service company, or any designated representative the authority to act on claim matters between full Trustee meetings subject to written restrictions.

8. Any elected Trustee may be removed from office by a majority vote of the remaining Trustees for the unexcused failure of the Trustee to attend at least fifty (50%) percent of the regularly scheduled meetings within a Group year.

9. At all meetings of the Trustees, a majority of the total number of Trustees shall constitute a quorum for the transaction of business. The acts of a majority of the Trustees present at any meeting where which there is a quorum shall be the acts of the Trustees as a whole. If a quorum is not present at any meeting of the Trustees, the Trustees present thereof may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

10. The Trustees shall appoint a nominating committee not less than sixty (60) days prior to the end of the Group year, for the purpose of nominating Group Trustees for the following year.

11. The Trustees shall issue reasonable rules and regulations for the operation of the Group. All such operating procedures shall be reduced to writing and receive Agency approval prior to use. Each participant of the Group shall receive a copy of the operating procedures, and those operating procedures shall be deemed binding on all employer members of the Group.

ARTICLE IV Officers

1. The Chairman of the Board of Trustees shall preside at all meetings of the Trustees and of the employer members in the Group; he/she shall have general supervision over the affairs of the Group and over the other officers; and shall perform all such other acts and duties as are incident to this office. In case of the absence or disability of the Chairman, his duties shall be performed by the Vice-Chairman.

2. The Secretary shall maintain minutes of all meetings of the Trustees and of the employer members; shall issue notices of all meetings; and shall perform such other duties as may be prescribed by the Trustees.

3. The Trustees may appoint a fiscal agent to handle and invest the monies in accordance with the provisions and rules of the Agency. The fiscal agent shall have discretion as to the securities in which the funds shall be invested or reinvested, provided that such investments shall be limited to investments which are permissible for group in Michigan and acceptable to the Agency. The Trustees may from time to time change the fiscal agent at their discretion.

ARTICLE V Meetings

1. The Group shall operate on a fiscal year beginning on _____ and ending on _____. An annual meeting of the employer members of the Group shall be held within ninety (90) days after the _____ close of each fiscal year at such time and at such place as shall be determined by the Trustees. The Secretary shall furnish to each employer member notice of the time, date and place thereof at least thirty (30) days prior to the date of the meeting.

2. At each annual meeting of the employer members, the Chairman shall submit a financial report of the Group including a statement of claims experiences for the preceding year.

3. Thirty five (35%) of the employer members of the Group, represented in person, or by ballot shall constitute a quorum for the transaction of business at any annual or special meeting of the employer members. Each employer member shall be entitled to one (1) vote at the meeting.

4. At least 30 days before the annual meeting, the Trustees shall send to each employer member a printed ballot containing the issues proposed and the names of the candidates for the Trustee position and any independent nominations. To vote by mailed ballot, an employer member must return the printed ballot to the Chairman not later than ten (10) days subsequent to the mailing of the ballots, such date is to be stated clearly on the ballot as the last valid date for post marking of a ballot which will be counted.

5. At all meetings of the employer members, the employer members may vote by ballot.

6. An organizational meeting of the Trustees shall be held each year immediately following the annual meeting of the employer members.

7. Special meetings of the Trustees may be called by the Chairman and, in his absence, by the Vice-Chairman, or by any three (3) Trustees. By unanimous written consent of the Trustees, special meetings of the Trustees may be held without notice; otherwise notice of all regular and special meetings of the Trustees shall be mailed to each Trustee at least ten (10) days prior to the time fixed for the meeting. All notices of special meetings of the Trustees shall state the purpose thereof. The Trustees may consent to any action taken or to be taken by the Group, such action is a valid action as though it had been authorized at a meeting of the Trustees, if a consent in writing, setting forth the action so taken, is signed by a quorum of the Trustees. Prompt notice of the taking of corporate action without a meeting by less than unanimous written consent shall be given to Trustees who have not consented in writing.

8. The Trustees shall meet no less often than each quarter.

ARTICLE VI Finances and Dividends

1. The Group shall maintain such bank accounts as necessary to comply with all applicable rules as promulgated from time to time by the Agency.

2. All monies of the Group shall be deposited among the General Fund, Claims Account Fund, or such other accounts as the Trustees from time to time shall determine to be appropriate.

3. The Trustees designated fiscal agent shall immediately remit that portion of the contribution allocable to the General Fund to the depository bank for the General Fund. The portion of each contribution representing the pure Claims Fund shall be immediately remitted to the depository bank for the Claims Account Fund.

4. Subject to the approval of the Agency, that portion of each employer members contribution which shall not be required to pay claims, pay administration expenses and fees of the Group, or required for appropriate reserves may be distributed to the employer members of the Group from time to time by resolution of the Trustees. At the time of such resolution the amounts to be distributed to the participants shall become a fixed liability of the Group. No surplus may be distributed if such payment would impair the capital stability and/or security of the Group. Any employer member or any withdrawing or terminated employer member who is not in good standing shall not be eligible to receive any return from surplus accumulation. Any employer member who withdraws shall remain liable to the Group for any underpayment or charge relating to any prior period of participation. The employer members not in good standing shall be eligible to receive surplus accumulations upon correction of any deficiencies or default in accordance with the procedures established by the Trustees.

5. All costs of administration of the Group not otherwise provided for herein shall be paid out of the General Fund. The Group each year shall collect sufficient premiums to fully fund the loss fund and all administrative expenses.

6. An annual audit shall be made of the Group by accountants designated by the Trustees. The expense of this audit will be paid out of the General Fund. Copies of each year's audit shall be made available to the Agency and each employer member during the year.

7. Each fund year shall be maintained separately for accounting purposes for the benefit of the employer members active during that year.

ARTICLE VII
Indemnification

1. The Group may indemnify against or provide payment on behalf of any Trustee, former Trustee, Officer, former Officer, or Employee, or former Employee of the Group, the reasonable expenses, including attorney's fees, actually and necessarily incurred by such person in connection with the defense of any civil, criminal or administrative action, suit or proceeding in which he/she is made a party or with which he/she is threatened by reason of being or having been or because of any act as a Trustee, Officer, or Employee, within the course of his/her duties or employment, including expenses incurred in a suit brought against the Group itself, except in relation to matters as to which he/she shall be adjudged in such action, suit or proceeding to be liable for misconduct in the performance of his/her duties. The Group shall also reimburse or pay on behalf of any said Trustee, Officer or Employee reasonable costs of settlement of any such action, suit or proceeding. Such rights of indemnification and reimbursement shall not be deemed exclusive of any other rights to which such Trustee, Officer or Employee may be entitled under any statute, agreement of the Trustees, insurance policy, vote of employer members, or otherwise.

ARTICLE VIII
General Provision: Collections of Contributions

1. The Trustees shall require each employer member of the Group to be a member in good Standing.
2. Prior to each successive year of the Group, the Trustees or the Trustees' designated representative will determine each employer members deposit for the year. Each employer member shall be promptly notified of the determination. Each employer member's deposit shall be subject to review by the Trustees.
3. Prior to the beginning of each fund year, each employer member shall make a deposit with the Group equal to twenty five (25%) percent of its estimated modified premium as defined in the excess insurance contracts purchased by the Group. Subsequent monthly payments shall be made to the Group when invoiced so that one hundred (100%) percent of estimated premium is collect prior to the close of the fund year. Further, each employer member shall deliver to the Trustees or their designated representative, an accounting of its actual payroll when requested including making available all payroll and wage information for audit by a representative of the Trustees. The Trustees are without authority to extend credit to any employer member.
4. Employer members must keep, and make available to the Trustees on demand, accurate safety records and cooperate with the Trustees, and/or their designated representatives, and the representatives of the applicable state agencies having jurisdiction over workers' compensation safety matters. It is required that each employer member will take all necessary action to carry out the recommendations of any loss control inspections.

ARTICLE IX
Amendments

1. Amendments to these By-Laws may be made by a vote of two thirds (2/3) of the Trustees present, at any annual, regular or special meeting of the Trustees when the meeting has been called for that purpose and the amendment has been set out in the notice of such meeting: provided, however, that such amendments which change the rights, liabilities and number of Trustees shall be submitted for approval at the next meeting of the employer members. Any amendments to the By-Laws shall be subject to Agency approval.

Approved: _____
Trustee Chairman

Date: _____

MICHIGAN CONTINUOUS SURETY BOND

Bond No. _____

KNOW ALL MEN BY THESE PRESENTS:

THAT we, _____,
List all Self-Insured Employers as Principals

of _____,

as principal, and _____,

of _____,

a corporation duly incorporated under the laws of the state of _____ and authorized to do

business in Michigan, as surety, in the sum of _____

dollars (\$_____), for the payment of which to the Michigan Department of Energy, Labor

& Economic Growth, Workers' Compensation Agency, hereinafter called the Department,

well and truly to be made, we bind ourselves, our heirs, executors, administrators (or our

successors and assigns in case of a corporation), jointly and severally, firmly by these presents.

WHEREAS, the principal has been granted the privilege of self-insuring its workers' compensation liabilities under the Michigan Workers' Disability Compensation Act of 1969, as amended, effective 12:01 a.m., _____, 20____, by the Department; and

WHEREAS, the principal, by virtue of said self-insurers' status, has undertaken to pay its employees all compensation, benefits and payments that are due, or which may become due them, under the terms of the Michigan Workers' Disability Compensation Act of 1969, as amended, on account of occupational disease, injury or death, with a personal injury date that occurs while it is self-insured.

NOW, THEREFORE, the condition of this obligation is such that if the principal, its heirs, executors, administrators (or its successors and assigns in case of a corporation), shall well and truly discharge and pay all compensation and all other benefits or payments for which it is liable, or may become liable under the said Act on account of injury, disease or death with a personal injury date that occurs during the effective period of this bond, then, this obligation shall be void, otherwise it shall remain in full force and effect. Notwithstanding the number of claimants or the length of time this bond is in effect, there shall be only one bond amount and in no event shall the aggregate liability of the Surety exceed the bond amount shown above.

IT IS FURTHER AGREED AND STIPULATED that this bond may be canceled at any time by the surety upon giving 60 days notice to the principal herein and the Department, in which event the liabilities of the surety shall, at the expiration of said 60 days, cease and terminate, except as to such liabilities of the principal with a personal injury date that occurred during the effective period of the bond and prior to the expiration of said 60 days.

This bond shall be effective _____, 20 _____, until canceled.

IN WITNESS WHEREOF, the said principal has caused these presents to be executed by the signature of its _____ and attested by its _____, and said surety has likewise caused these presents to be executed by the signature of its _____ and has caused its corporate name and seal to be attested by the signature of _____, its _____.

(Seal)

Attest: _____

Typed Name : _____

Title: _____

(Surety)

By: _____

Typed Name: _____

Title: _____

(Principal)

Witness: _____

Typed Name: _____

Title: _____

By: _____

Typed Name: _____

Title: _____

Date: _____

AFFIDAVIT AND ACKNOWLEDGMENT OF SURETY

STATE OF)
)
COUNTY OF)

I, being a Notary Public in and for the State and County aforesaid, do hereby certify that _____ personally appeared before me and made oath that he/she is _____ of the _____, that he/she is duly authorized to execute the foregoing bond by virtue of a certain power of attorney of said company, dated _____, a copy of which is attached hereto; that said power of attorney has not been revoked; that the said company has complied with all the requirements of law regulating the admission of such companies to transact business in the state of Michigan; that the said company is solvent and fully able to meet promptly all of its obligations, and the said _____ thereupon, in the name of and on behalf of the said company, acknowledged the foregoing writing as its act and deed.

Dated this _____ day of _____, 20_____.

Notary Public
My Commission Expires: _____

ACKNOWLEDGMENT OF PRINCIPAL

STATE OF MICHIGAN)
)
COUNTY OF)

I, being a Notary Public in and for the said County and State, do certify that _____, as _____ of _____ whose name is signed to the above bond, bearing date on the ____ day of _____, 20____, personally appeared before me in my capacity aforesaid, and acknowledged the same.

I further certify that my term of office expires on the ____ day of _____, 20_____.

Given under my hand this _____ day of _____ 20_____.

Notary Public