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**MIIA PROPERTY AND CASUALTY GROUP, INC.  
MEMBERSHIP AGREEMENT**

Membership Agreement (the "Agreement") entered into this first day of July 2016 by and between MIIA Property and Casualty Group, Inc., a non-profit corporation duly incorporated under the laws of the Commonwealth of Massachusetts and operating as a public employer self-insurance group in accordance with Massachusetts General Laws Chapter 40M (the "Group") and the undersigned public entity located in the Commonwealth of Massachusetts (the "Member").

WHEREAS, the Group maintains a self-insurance program for the coverage of property, workers' compensation, and other casualty losses and provides risk management services to those public entities that meet the Group's membership criteria and are accepted by the Group as members (the "Group Members");

WHEREAS, the Member is a member in good standing of the Massachusetts Interlocal Insurance Association, Inc. ("MIIA") and desires to become a Group Member;

WHEREAS, the Group is willing to accept the Member as a Group Member;

NOW, THEREFORE, in consideration of the covenants and conditions set forth herein the parties hereto agree as follows:

1. **Coverage.** During the term of this Agreement, the Group agrees to provide Member with risk management services as described in Section 3(b) and financial protection as described in the Group's annual certificate of coverage, as amended by the Group from time-to-time and incorporated herein by reference. Financial protection is provided by risk pooling and insurance. Member agrees to pay all contributions and assessments for the services and protection that are and were provided under this Agreement or other agreements with the Group relating to prior certificates of coverage.
2. **Member Responsibilities.**
  - (a) **Cooperation.** As a condition of membership, Member agrees that it will cooperate with the Group and its designated agents to manage risk and minimize any adverse financial impact of its membership upon itself and the Group.
  - (b) **By-laws, Rules and Regulations of the Group.** Member agrees to abide by and be bound by the rules, regulations and by-laws of the Group.
  - (c) **Loss Prevention.** Member agrees to work with the Group to reduce, modify and eliminate conditions and practices that may cause loss or injury. Member agrees that it will cooperate in implementing any and all safety and loss prevention measures and risk management programs recommended by the Group. Safety to personnel and the public shall have the highest priority. Each Member shall designate a supervisor who shall be responsible for monitoring the compliance of the Member with federal, state, and municipal safety standards, as well as those established from time to time by the Group, and implementing a corrective plan in all cases of noncompliance.

- (d) **Reporting of Claims or Losses.** All injuries, liability claims and accidents or occurrences with the potential of producing claims against the Group, no matter how insignificant they may appear, and all property losses with the potential of being reimbursed or paid by the Group, shall be reported through appropriate channels to the Group or its designated agent. Member shall cooperate by supplying any information needed or that would be helpful in defending any such claims or losses.

Claims and loss reports shall be filed in accordance with the procedures established from time to time by the Group or its agent.

- (e) **Payroll Classification.** If a Member obtains workers' compensation coverage from the Group, Member will furnish an estimated annual payroll by job classification at least thirty (30) days before coverage commences. Member agrees to permit the Group or its agent to audit the Member's payroll records and to pay any additional contribution that is due for any Initial Term or Renewal Term, as those phrases are defined in Section 5(a), based on Member's actual payroll for such period.

3. **Group Responsibilities.**

- (a) **Claims.** The Group agrees to (a) administer, service, settle, and pay all of the claims and such other liabilities as are defined in the certificate of coverage issued to Member, after notice of loss or liability has been given and proof of loss or liability has been established; (b) prepare all required forms; and (c) provide a defense if required. The Group shall carry on all negotiations with any claimant or the claimant's attorney and negotiate settlements. The Group shall, at its expense, retain and supervise legal counsel necessary for the prosecution or defense of any litigation arising out of such claims. The Group shall periodically provide Member with reports regarding the status of Member's claims.

- (b) **Risk Management.** The Group will evaluate Member's risk management practices and assist Member in developing a risk management program to eliminate or minimize exposures or conditions that could contribute to financial or economic loss to a Member. The risk management program may include one or more of the following services:

- (i) Identifying and analyzing exposures to loss;
- (ii) Establishing and maintaining loss prevention and safety programs to minimize or avoid risk of loss, liability and employee injury, and correlating the programs with the claims experience of Member and other Group Members;
- (iii) Planning proper assumption or self insurance of loss within financial capacity of Member;
- (iv) Risk pooling to share with other Group Members the financial impact of losses that cannot reasonably be assumed individually;
- (v) Transferring risks from catastrophes, to the extent feasible, by purchase of insurance by the Group over and above that portion pooled by the Group Members; and
- (vi) Transferring risks through mechanisms other than insurance, such as contracts.

- (c) **Excess Insurance.** The Group shall maintain excess insurance coverage if so directed by its Board of Trustees or required by the Commissioner of Insurance.

4. **Contributions.**

- (a) Member agrees to pay contributions computed in accordance with a rating plan, as amended from time to time.
- (b) Member agrees that the contribution, if any, for the Initial Term and the Renewal Term, as those phrases are defined in Section 5(a), shall be payable in full on or before the first day of such term.

If the Member becomes a Group Member on some date other than July 1, it agrees that the contribution for the initial coverage period commencing on such other date and ending on the following June 30, is payable in full on or before the first day of such period.

- (c) The Group may offer Group Members one or more contribution payment plans (the "Contribution Payment Plan"). A copy of the current Contribution Payment Plan is included in Schedule 1 and incorporated herein by reference. Member understands that the Contribution Payment Plan may be amended from time-to-time, and any such amended Contribution Payment Plan shall be added to Schedule 1 and be effective as of the indicated effective date.
- (d) Member understands that there may be rate adjustments at the beginning of a new Contract Year, which is defined as the period running from July 1 of a calendar year to June 30 of the next calendar year, and agrees to pay additional contributions that could result therefrom.
- (e) Member agrees to execute necessary authorization forms permitting the Group to obtain information and data required to determine the experience or other rating modification of Member and authorizes the Group to file with the appropriate authorities loss and exposure data to be used to develop Member's experience or other rating modification.

5. Term and Termination.

(a) Term.

- (i) The initial term of this Agreement shall commence on July 1 of the year first written above unless another date is specified and shall continue in full force and effect from said date until June 30 of the next calendar year (the "Initial Term"). This Agreement shall be automatically renewed for additional twelve-month periods (each such twelve-month period a "Renewal Term") unless the Member provides the Group with written notice of its intention to not renew at least thirty (30) days before the beginning of the next Renewal Term, or unless the Agreement is terminated pursuant to Section 5(b).
- (ii) The parties may enter into a multi-year contribution agreement which shall specify the agreed upon term, applicable contributions and termination provisions.

(b) Termination.

- (i) In the event Member fails or refuses to make payments as provided for herein, the Group may terminate Member as a Group Member after giving Member thirty (30) days' written notice. Upon such termination, all coverage that Member obtains hereunder shall cease and Member agrees to pay any and all contributions that are owed, pro rata, for the period preceding termination of this Agreement and membership in the Group. It is understood and agreed that any Member whose membership is terminated hereunder shall not be entitled to any part of surplus refund or credit which has not been declared prior to the date of termination.
- (ii) Member may terminate its membership or a portion of its coverage, at any time after the Initial Term, by giving the Group at least thirty (30) days' prior written notice of its intention to terminate or not renew, in which event the Member shall be entitled to a return of a part of the unearned contribution as required by the Group's Rating Plan or by law. In no event shall a Member that is not a Group Member at the close of any Contract Year be entitled to any surplus refund or credit for such Contract Year.
- (iii) If the Member fails to comply with the terms of this Agreement, including failure to provide notice required under Sections 5(a)(i) or 5(b)(ii), or the rules, regulations, or by-laws of the Group (the "Breach") and the Member fails to correct such Breach to the satisfaction of the Group within sixty (60) days of the Group's giving written notice to the Member of the Breach, the Group may terminate Member's membership or a portion of

its coverage immediately. A Member that is terminated pursuant to this Section 5(b)(iii) shall forfeit its right to receive future payment of any distribution of surplus declared by the Group.

- (iv) Except as provided in sections (i) through (iii) above, this Agreement will not terminate until all coverages provided hereunder terminate. Additions or deletions of one or more types of coverage provided under this Agreement do not by themselves constitute a termination of this Agreement.
  - (v) Notwithstanding anything to the contrary, Section 1, 4, 5, 6, 7 and 9 shall survive the nonrenewal or termination of this Agreement.
6. **Deficiencies.** In the event of a deficiency, which is defined as insufficient assets to enable the Group to discharge its legal liabilities and other obligations and to maintain the required statutory reserves or as ordered by the Commissioner of Insurance, the Group may assess its members as required by M.G.L. Chapter 40M. Member agrees to pay any such assessment for each Contract Year in which it received coverage from the Group
7. **Surplus Refund Plan.** Any surplus of the Group resulting from overall loss experience shall be available for refund or credit to future contributions or as a reserve in accordance with a Surplus Refund Plan, as amended from time to time. A copy of the current Surplus Refund Plan is attached for information purposes as Schedule 2. If termination occurs for any reason, the Member shall forfeit its right to receive future payment of any distribution of surplus declared by the Group.
8. **Suspension of Boiler and Machinery Coverage.** Upon the discovery of a dangerous condition with respect to any boiler and machinery object ("Object") for which the Group offers explosion or breakdown coverage, the Group may immediately suspend such coverage with respect to any accident to such Object by mailing or delivering written notice of suspension to the Member at the address of the Member or at the location of the Object. Coverage so suspended may be reinstated by the Group but only by a writing signed by a representative of the Group, its administrator or agent. The Member shall be allowed the unearned portion of the contribution paid for such suspended coverage, pro rata, for the period of suspension.
9. **Miscellaneous.**
- (a) **Governing Law.** This Agreement shall be governed and interpreted in accordance with the laws of the Commonwealth of Massachusetts.
  - (b) **Severability.** If any provision of this Agreement shall be declared invalid or illegal for any reason whatsoever, then notwithstanding such invalidity or illegality, the remaining terms and provisions of this Agreement shall remain in full force and effect in the same manner as if the invalid or illegal provision had not been contained herein.
  - (c) **Amendment.** With the exception of the annual certificate of coverage, the Contribution Payment Plan and the Surplus Refund Plan, no alteration or modification of this Agreement shall be valid unless made in writing and executed by each of the parties hereto.
  - (d) **Counterparts.** This Agreement may be executed in one or more counterparts and each executed counterpart shall be considered an original.
  - (e) **Assignment.** Member may not assign this Agreement. The Group may assign any of its responsibilities under this Agreement to an administrator and/or other agent of its choice. The Group shall notify Member of the identity and responsibilities of such administrator or agent.
  - (f) **Notices.** Any notice or other communication by one party to another, including notice of a change in address, shall be in writing and shall be given, and deemed to have been given, if either hand delivered or mailed, postage prepaid, certified mail (return receipt requested), addressed to the Group at One Winthrop Square, Boston, Massachusetts 02110 and addressed to Member at the address specified on the signature page of this Agreement.

- (g) Limitation of Liability. No member, officer, trustee, employee or agent of the Group shall be liable for any claim against the Group. The Member agrees that it shall look only to the assets and property of the Group for the payment of any claim against the Group or the performance of any obligation of the Group hereunder. No Group Member shall have any liability to the Group, or other Group Members, or to any claimant against the Group itself or another Group Member except for the payment of approved or required contributions and/or assessments under this Agreement.

IN WITNESS WHEREOF, each of the parties has duly executed this Agreement as of the date first written above.

**MIA PROPERTY & CASUALTY GROUP, INC.**

By:   
Title: *President*

\_\_\_\_\_  
MEMBER

By: \_\_\_\_\_

Title:  
Address:

## Schedule 1

### MIA PROPERTY AND CASUALTY GROUP, INC.

#### CONTRIBUTION PAYMENT PLAN

The Group may offer different contribution payment plans depending on the type of coverage that a Member obtains from the Group.

#### Contribution Payment Plan

A Member which obtains coverage from the Group may be offered the following Contribution Payment Plan (the "Plan")<sup>1</sup>,

35% of the estimated total annual contribution on or before the commencement of the coverage period,

25% of the estimated total annual contribution on or before October 1,

25% of the estimated total annual contribution on or before January 1, and

15% of the estimated total annual contribution on or before April 1.

If a Member makes its first or second installment payment sixty (60) days or more days after the due date, the Member shall not be eligible to participate in the Plan for that Contract Year and the balance of the total estimated contribution shall be immediately due and payable. ("Contract Year" is defined as a twelve-month period starting on July 1 of one calendar year and ending on June 30 of the following calendar year.) If the Member is sixty (60) days or more late in making its third or fourth annual installment payment, the Member shall not be eligible to participate in the Plan for the balance of that Contract Year and for the next Contract Year. The balance of the Contract Year's contribution shall be immediately due and payable, and 100% of the following Contract Year's estimated contribution shall be due and payable on or before the commencement of that Contract Year.

Charges or credit during the Contract Year for changes in estimated contribution or for endorsements during the Contract Year shall be payable within thirty (30) days of the date of the invoice or credited against future installments or invoices.

If a Member voluntarily pays the full invoiced amount due for a Contract Year within thirty (30) days of the date of the invoice, Member may be eligible for a discount of up to 1.5% of the invoiced amount.

#### Special Contribution Payment Plan

A Member obtaining special coverage from the Group may be offered a Special Contribution Payment Plan.

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<sup>1</sup> For a Member whose initial coverage period commences after July 1<sup>st</sup>, the percentages of the contribution and the payment dates for the initial coverage period shall be adjusted accordingly.

Schedule 2

MIA PROPERTY AND CASUALTY GROUP, INC.

SURPLUS REFUND PLAN FOR JULY 1 – JUNE 30

The Board of Trustees of MIA Property and Casualty Group, Inc. (the "Group") will determine, after the end of each Contract Year, the total surplus of Group Members available for distribution, after setting aside any reserves necessary for outstanding claims, for incurred but not reported claims, for the preservation of financial soundness of the Group or for stabilization of contributions. ("Contract Year" is defined as a twelve-month period starting on July 1 of one calendar year and ending on June 30 of the following calendar year.)

If the Board of Trustees decides to declare a distribution of surplus for a specific coverage, it shall allocate said surplus among the Group Members in accordance with applicable rules or formulas as the Board of Trustees may decide. In order to be eligible for the distribution of surplus, a Group Member must have had the applicable coverage in effect at the end of the Contract Year and must have Incurred Losses<sup>2</sup> attributable to the Contract Year of less than sixty percent (60%) of its net earned contribution for said Contract Year. Former members that no longer belong to the Group may receive their distribution only after all claims for a particular Contract Year have been settled and closed. For Contract Years commencing on or after July 1, 1998, such distributions from surplus, if any, will be paid to only those Group Members that have the applicable coverage in effect at the time of distribution. Distributions from surplus, if any, will occur no earlier than two (2) years after the end of the relevant Contract Year.

The surplus will be allocated to the Member on the basis of each Member's net earned contribution for the Contract Year and each Member's loss experience for the Contract Year, pursuant to the following formula or such other formula as the Board of Trustees may approve:

1. For each Member, 60% of net earned contribution minus Incurred Losses equals Eligible Amount.
2. Total of Eligible Amounts of Group Members having Incurred Losses less than 60% of their net earned contribution is the Total Eligible Amount.
3. Percentage Participation of Group equals amount of surplus declared available for distribution divided by Total Eligible Amount.
4. Eligible Amount of Member multiplied by Percentage Participation of Group equals Refund to be returned to Group Member or Credit to be applied to future contributions.

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<sup>2</sup> Note: "Incurred Losses" means paid losses and loss reserves.