



MEMBERSHIP APPLICATION AND AGREEMENT

This Membership Agreement ("Agreement") is by and between CompGroup AGC, Inc., a Texas nonprofit corporation ("Purchasing Group"), and the undersigned applicant for membership in the Purchasing Group ("Applicant"), who agree as follows:

1. Membership.

Applicant hereby makes application for membership in the Purchasing Group and agrees, upon becoming a member of the Purchasing Group, to the purchase of workers' compensation insurance from such carrier or carriers ("Carriers") as the Board of Directors and officers of the Purchasing Group, or the administrator designated by the Board of Directors ("Administrator") may now, or from time to time in the future, authorize in accordance with the terms and conditions of the premium quotations supplied to the Purchasing Group, or binders agreed to by the Purchasing Group.

2. Representations.

2.1 Organization. Applicant understands and agrees that the Purchasing Group has been organized as a Texas nonprofit corporation to create and operate a purchasing group pursuant to Article 5.57A, Texas Insurance Code (the "Code") to purchase individual workers' compensation insurance and any other additional coverage available pursuant to the Code on a group basis, for the benefit of its members, and to engage in such acts as are necessary and proper to carry out its purpose.

2.2 Dividends. Any dividends paid by carrier to Purchasing Group will be allocated among the members at the sole discretion of the Board of Directors of the Purchasing Group.

2.3 Limited Liability of Directors. Applicant has been advised that no director of the Purchasing Group shall be liable to the Purchasing Group or its members for an act or omission in such director's capacity as a director, except for liability resulting from: (i) a breach of a director's duty of loyalty to the Purchasing Group or its members; (ii) an act or omission not in good faith that involves intentional misconduct or a knowing violation of the law; (iii) a transaction from which a director received an improper benefit, whether or not the benefit resulted from an action taken within the scope of the director's office; (iv) an act or omission for which the liability of a director is expressly provided for by statute; or (v) an act related to an unlawful loan or distribution of assets of the Purchasing Group.

2.4 Membership Certificates. Applicant acknowledges that (i) the membership of Applicant in the Purchasing Group is not a "security" as that term is defined under federal and state securities laws and regulations; (ii) it has no expectation or anticipation of any earning, financial gain or the possibility of any profits from the operation of the Purchasing Group; and (iii) the membership must be held indefinitely and is nontransferable.

2.5 Affiliated Transactions. Insurance purchased through agents and brokers is quoted at rates, which may vary between members. Applicant understands that no member of the Purchasing Group shall have the right to any information concerning rates, premiums, fees, commissions or other funds payable by any other member, such information being confidential proprietary information of such member. No member shall have any liability for the premiums, fees, commissions, and other charges of any other member. Applicant recognizes and agrees that Administrator will receive a fee determined, or agreed on by Administrator and Purchasing Group, from each member and/or insurance company(ies) participating in this insurance program. Applicant gives a full and complete release of the Purchasing Group and Administrator and the insurance agent from any and all claims, demands, liabilities, costs and expenses (including attorney's fees and cost) whatsoever, related to or arising out of the coverages purchased (including aggregate limits), the Carriers chosen by the Purchasing Group (primary or excess) and all charges and coverages obtained by any member.

3. Membership Obligations.

3.1. Eligibility. The Applicant understands that membership in the Purchasing Group is limited to members in good standing of one of the Texas Chapters of the Associated General Contractors of America (Texas AGC) as of the effective date of coverage.

3.2. Underwriting Data. The Applicant has supplied, and, in the future will supply (and agrees to supply), data to the Purchasing Group with regard to risks being insured by said Purchasing Group. Applicant represents and warrants to the Purchasing Group the accuracy of all data supplied by it or its agents, officers, directors and employees to the Purchasing Group.

3.3. Loss Control Programs. The Carrier of the Purchasing Group shall provide loss control services. All members must comply with reasonable recommendations for loss control, and failure to comply may be grounds for cancellation or non-renewal in the Purchasing Group. Applicant shall allow the Administrator and the Carrier access to all claims and loss records and shall allow the Administrator and the Carrier access to all work areas at any reasonable time. Members shall cooperate fully with the Administrator and the Carrier. Member is entitled to certain rights as provided in Section 5.10 of the Texas Workers' Compensation Act of 1991, titled "Employer Bill of Rights", and member hereby grants to Administrator the full authority to act on behalf of the member under that section of the Act. Prior to authorizing work by any subcontractor, independent contractor, or contract worker, the Member will obtain either a Certificate of Workers' Compensation Insurance, or have TWCC Form 83 executed and properly filed with the appropriate agency, or other such forms as may be approved or designated by the governing regulatory authority from time to time, or at any time in the future.

3.4. Resignation. Any member may cancel their coverage with the Purchasing Group by submitting a written request to the Administrator of the Purchasing Group. A member's cancellation shall not relieve the member from any obligations to the Purchasing Group, the insurance agent, insurance carriers providing coverage, or the Administrator.

3.5. Termination. Membership in the Purchasing Group may be terminated upon the member's non-compliance with any part of this Agreement.

3.7. Dispute Resolution. Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by a hearing before the Board of Directors or a committee thereof designated to hear and resolve disputes. The decision of the Board of Directors or designated committee shall be final.

4. Indemnification of Purchasing Group.

Applicant shall indemnify and hold harmless the Purchasing Group, and each person, if any, who controls the Purchasing Group or members of the Purchasing Group, and Administrator and its affiliates (all of the foregoing being hereinafter collectively called "Indemnified Person") against any losses, claims, damages or liabilities, arising out of or based upon any untrue statement or omission based upon information furnished to the Purchasing Group by Applicant. Applicant will reimburse each Indemnified Person for (i) any legal or other expenses reasonably incurred in connection with investigating or defending any such loss, claim, damage, liability, action or proceeding or (ii) the failure of Applicant or any employee or independent contractor of Applicant to comply with state or federal laws applicable to such Applicant or any employee or independent contractor of Applicant.

5. Miscellaneous.

5.1. Effective Date. This Agreement shall be effective for all purposes as of the date that it is executed by an officer of the Purchasing Group.

5.2. Severability. If any provisions of this Agreement are rendered or declared illegal by reason of any existing or subsequently enacted legislation or by decree of a court of last resort, all other provisions of this Agreement shall remain in full force and effect.

5.3. Governing Law. The Purchasing Group is and shall be for all purposes domiciled in The City of Austin, County of Travis, State of Texas. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas and venue for any suit brought hereunder shall be in Travis County, Texas.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the ____day of _____, 20__, by themselves or their officers' thereunto duly authorized.

APPLICANT: _____

Address: _____

By: _____

Name: _____

Title: _____

AGREED TO AND ACCEPTED THIS _____ DAY OF _____, 20__

COMPGROUP AGC, INC.
c/o Roberts & Crow, Inc.
12221 Merit Drive Suite 600
Dallas, TX 75251

By: _____President

Updated 02/01/01