

ENROLLMENT PROCEDURES

1. Complete enclosed Commonwealth of Virginia State Corporation Commission Bureau of Insurance Membership application (enclosed). Signatures needed on pages 2 and 4.
2. Sign Indemnity Agreement and Affidavit of Solvency (enclosed). Required by Virginia Bureau of Insurance. Page 5
3. Send a copy of your latest **Factory Balance sheet showing positive net worth confidentially** with your application.
4. Make your check payable to *VADA Group Self-Insurance Association* (VADAGSIA) per the Due on Inception outlined on the premium summary page of this proposal. The check must accompany the application and agreements.
5. Sign page 7 of the application and include this with the application materials.
6. On your letterhead reproduce the letter to NCCI, sign and return with the application materials.
7. Send all application materials to:

*VADA Group Self-Insurance Assn.
c/o VA Auto Dealers Assn.
1800 W Grace Street
PO Box 5407
Richmond, VA 23220-0407*

If you have any questions about the application process please call Michael Allen direct at 804.545.3012.

**COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
BUREAU OF INSURANCE
RICHMOND, VIRGINIA**
APPLICATION FOR MEMBERSHIP IN THE
VIRGINIA AUTOMOBILE DEALERS ASSN. GROUP SELF-INSURANCE ASSOCIATION

1. Name _____
(Corporation and DBA Name)
2. Workers' Compensation Association Identification No. _____
3. Federal Employer Identification No. _____
4. Applicant is: Corporation () Individual () Other ():
If Other, specify: _____

LIST PARTNERS, OWNERS OR CORPORATE OFFICERS:

- | | |
|--|--|
| <ol style="list-style-type: none"> 1. Name _____
Title _____
_____ % Ownership 3. Name _____
Title _____
_____ % Ownership | <ol style="list-style-type: none"> 2. Name _____
Title _____
_____ % Ownership 4. Name _____
Title _____
_____ % Ownership |
|--|--|

IF THE ABOVE DO NOT REPRESENT 100% OWNERSHIP, GIVE REMAINDER OF OWNERS AND % OF OWNERSHIP:

Insurance coverage prior to effective date carried by: _____

I (we) hereby formally apply for continuing membership for workers compensation group self-insurance and employer's liability coverage in the above named Group Self-Insurance Association, to be effective 12:01 a.m. _____, 20____.

In consideration of the approval of this application, the applicant hereby expressly agrees as follows:

1. To accept and be bound by the provisions of the Virginia Workers' Compensation Act (the Act) and the State Corporation Commission's Rules Governing Group Self-Insurers of Liability under Virginia's Workers' Compensation Act.
2. That, by this reference, and the terms and provisions of the Indemnity Agreement and/or Amendments thereto filed or which may hereafter be filed with the State Corporation Commission are hereby adopted, approved, ratified and confirmed by us; and further I (we) hereby agree jointly and severally to assume, pay and discharge any liability under the Act, and the covered Employers Liability of any and all members of the Association; and I (we) agree to pay any such assessments as may be required and in the event I (we) fail to pay any charge or lawful assessment within thirty (30) days from the date the same shall become due, I (we) will pay all costs of the collection thereof, including reasonable attorney's fees; and, in the event the Association fails to enforce these obligations, in addition to the rights of the Association, and after reasonable notice to the Association, the State Corporation Commission shall have the right independently to enforce on behalf of the Association the joint and several liability of its members for any unpaid contributions and assessments;
3. To abide by the rules and regulations of the Members Supervisory Board of the Association and to conform to the terms of the agreements they may enter into with any authorized service agent as long as we remain members of the Association;
4. That I (we) have executed or have had executed on my (our) behalf an Affidavit, on a form prescribed by the Commission, stating under oath that I (we) am (are) solvent and have the financial ability to meet my (our) obligations as a member of the Association.
5. That, in the event of any changes in corporate or business structure or in any legal entity or if any locations are to be added to or deleted from this coverage, I (we) agree to notify **The VADA Group Self-Insurance Association** (Association) immediately.
6. That I (we) have attached to this application a copy of my (our) latest rating data applicable to our workers' compensation coverage, if available.
7. That should I (we) desire to terminate our membership, I (we) will give written notice at least thirty (30) days prior to termination to the Association, the State Corporation Commission and the Virginia Workers Compensation Commission. Should the Association desire to terminate our membership under the Group Self-Insurance Association, they shall give at least thirty (30) days prior written notice of termination to the undersigned, the State Corporation Commission and the Virginia Workers Compensation Commission. The Association may terminate our membership for nonpayment of premium upon ten (10) days written notice to the undersigned, the State Corporation Commission and the Virginia Workers Compensation Commission.
8. That coverage provided by membership in this Association shall be for operations coming under the Virginia Workers' Compensation Act and such other types of Employers Liability as shall be applied for and agreed to by the Association.
9. That the State Corporation Commission may require prior approval of an applicant before an applicant may become a member of the Association or may withdraw approval of any member, as provided in Section 6 of the Commission's Rules Governing Group Self-Insurers of Liability under Virginia's Workers' Compensation Act.
10. I (we) have been provided by the Association a copy of the Commission's Rules Governing Group Self-Insurers of Liability under Virginia's Workers' Compensation Act..

WITNESSES TO SIGNATURE:

- | | |
|--|--|
| Name of Applicant _____
By: _____
Owner, Partner or Corporate Officer

Corporate Secretary

Date _____ | <ol style="list-style-type: none"> 1. _____
Name _____
Address _____ 2. _____
Name _____
Address _____ |
|--|--|

(SIGNATURES MAY BE NOTARIZED IN PLACE OF WITNESSES)

INDEMNITY AGREEMENT AND POWER OF ATTORNEY

THIS AGREEMENT, made and entered into, pursuant to Virginia's Workers' Compensation Act and the State Corporation Commission's Rules Governing Group Self-Insurers of Liability under Virginia's Workers' Compensation Act, between all the parties who are now or may hereafter become members of VADA Group Self-Insurance Association (the Association) a licensed group self-insurance association, and the Association.

WITNESSETH

WHEREAS, the Members of the Association have agreed to provide for joint and cooperative action to self-insure and to pool their separate liabilities arising pursuant to the terms of the Virginia Workers' Compensation Act (the Act) and for certain other types of employers liabilities for the death or dismemberment of, or injury to, their employees (Employers Liability);

WHEREAS, the Members have organized and formed the Association as a joint fund to provide the necessary anticipated financing for such liabilities;

WHEREAS, the following persons:

Charles Stringfellow

Jerry Halfant

Ralph Mastantuono

Michael King

Gerald Duncan

George Harvey, Jr.

Daniel Rosinski

J. Theodore Linhart

Joan Goebel

Donald Hopper

Chris Strosnider

constitute the current Members Supervisory Board (the Board) which is authorized to direct the affairs of the Association and to pass on the admissibility of applicants for membership in the Association;

WHEREAS, each Member of the Association is required to execute an Agreement whereby each will jointly and severally assume and discharge any liability under the Act of any and all Member employers who are parties to this Agreement and under all agreements of the Association relating to Members' Employers Liability; and, in addition to the rights of the Association herein, in the event of failure of the Association to enforce such rights after reasonable notice to the Association, the Commission shall have the right independently to enforce on behalf of the Association the joint and several liability of its Members under the Act and all agreements relating to Members' Employers Liability and the liability of Members for any unpaid contributions and assessments;

WHEREAS, each member of the Association is required to execute an Agreement whereby each member shall covenant and agree to pay contributions and assessments, based upon appropriate classifications and rates, into a designated cash reserve fund out of which expenses of the Association and lawful and proper claims and awards are to be paid, and further the agreement shall provide that there shall be no disbursements out of such funds by way of dividends or distribution of accumulated reserves to respective Members or former Members, except at the discretion of the Board as provided herein; and

WHEREAS, each Member of the Association has elected to become a party to this Agreement, to comply with the conditions set forth herein and establish a group self-insurance association pursuant to the provisions of Virginia Code Section 65.1 - 104.2 and the regulations promulgated thereunder, and to execute such other instruments and take such other action as may be required to form and continue such Association.

NOW, THEREFORE, for and in consideration of the mutual covenants, promises and obligations contained herein, which are given by the Association and each Member to each other Member and so accepted by each Member and the Association, the parties hereto covenant and agree as follows:

1. Each and all of the Members jointly and severally agree to assume, pay and discharge any liability under the Act of any and all member employers thereunder and, to the extent applied for by Members and agreed to by the Association, Employers Liability of all Members; and each Member agrees to pay such assessments as may be required pursuant to paragraph 10(c) hereof; and, in addition to the rights of the Association herein, in the event of failure of the Association to enforce such rights after reasonable notice to the Association, the Commission shall have the right independently to enforce on behalf of the Association the joint and several liability of its Members under the Act and under this agreement and liability of any Member for any unpaid contributions and assessments.
2. The Members intend this Agreement as a mutual covenant of assumption of joint and several liability, and shall not be deemed to form or to be a partnership.
3. The Board has designated and appointed Donald L. Hall as the Administrator who shall be empowered to accept service on behalf of the Association and authorized to act for and bind the Association and its Members in all transactions relating to or arising out of the operation of the Association. For its services, the Administrator shall receive such revoke the aforesaid powers of the Administrator and substitute another in the place and stead thereof. The Administrator's books and records are to be open to inspection by the Board or its agents or designees at all reasonable times.
4. The Board has designated and appointed Pennsylvania Manufacturers Association as Service Agent for the Association and its Members, or such substitute or replacement as shall be appointed by the Board, subject to approval as a servicing agent by the Commission. The Service Agent shall file with the Commission copies of all contracts entered into with the Association as they relate to services to be performed for the Association. Service Agent's books and records are to be open to inspection by the Board or its agents or designees at all reasonable times.
5. The Administrator shall deposit to the account of the Association, at any bank or banks designated by the Board, all contributions as and when collected, and such monies shall be disbursed only as provided by the rules, regulations, by-laws and resolutions of the Board; the agreement between the Board and the Administrator; this Agreement; and the Commission's Rules Governing Group Self-Insurers of Liability under the Virginia Workers' Compensation Act.
6. The Association may maintain excess insurance as deemed necessary by the Board and as required by the Commission's Rules.
7. The Board may admit as Members of the Association only acceptable and financially sound employers who have common interests as defined in the rules of the Commission and, subject to the approval of the Commission, the Board shall otherwise be the sole judge of whether or not an applying employer shall be admitted to membership and of the eligibility membership upon thirty (30) days written notice to such Member, the Commission and the Workers Compensation Commission of Virginia, and that in either such case no liability shall accrue to the Association or its Members for any liability to an employee of the terminated Member arising after the thirty (30) days, or ten (10) days notice for nonpayment of premium, as the case may be.
8. Each member agrees to and authorizes the Association to maintain with the State Treasurer of the Commonwealth of Virginia a security deposit of acceptable securities or a surety bond as required by the Commission Rules. The Board and the Administrator are authorized to obtain such surety bond.
9. The Board shall have the authority to invest the funds of the Association as permitted by the Commission's Rules.
10. The Board shall promulgate the rules and regulations for administering the Association, the expulsion of or suspension of Members and, subject to the Commission's Rules, the admission of Members. Each Member of the Association agrees to abide by such rules and regulations, including without limitation the following:
 - a. Each Member agrees to initiate and maintain a safety program to give its employees safe and sanitary working conditions and agrees to follow the general recommendations of the Association and the Service Agent in this field to promote the general welfare of its employees. However, each Member shall remain solely responsible for all decisions concerning its safety program and practices and may not rely upon evaluation and/or recommendations made by the Association, the Board, the Service Agent, the Administrator or their representatives in making final decisions concerning its safety program and practices.
 - b. In the event of an accident or a reported claim, each member agrees to make immediate provision for the care of his employee, and to give immediate notification of the accident to the Service Agent on the prescribed forms. Costs of such care shall be paid by the Association to the extent required by the Act and any agreement relating to Members' Employers Liability.

- c. Each Member shall make prompt payment of all contributions and assessments as required by the Board. Except as may be limited by the Commission Rules, said contribution may be reduced by a discount allowed by the Board. In the event of a loss fund deficit and depletion of all available excess insurance, the Board may adopt any plan they deem equitable for the elimination of such deficit, including but not limited to the assessment of all Members in the proportion which the premium of each bears to the totals premiums of all Members in the year in which such deficit occurs.
 - d. Each Member does hereby appoint the Service Agents of the Association as Agent to act in the Member's behalf to file reports and to make or arrange for payment of claims, medical expenses and all other things required or necessary insofar as they affect the Member's liability under the Act, for covered Employers Liability or such Member's obligations under the rules, regulations and orders of the Commission and Workers Compensation Commission of Virginia.
 - e. Each Member agrees that in the event of the payment of any loss by the Association under this Agreement, the Association shall be subrogated to the extent of such payment to all 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 to effect recovery.
 - f. The Association is to defend in the name of and on the behalf of each Member any suits or other proceedings which may at any time be instituted against such Member on account of injuries or death within the purview of the Act or otherwise asserting Member's liability thereunder, and/or Employers Liability to the extent applied for and approved by the Association and Commission including suits or other proceedings alleging such injuries and demanding damages or compensation therefore, even groundless, false or fraudulent, and to pay all costs reasonably incurred in any legal proceeding defended by the Association, all interest accruing after entry of judgment and all expenses incurred for investigation and negotiation of defense.
 - g. Liability of the Association to the employees of any Member is specifically limited to such obligations as are imposed by law against the employer Member under the Act and/or Employers Liability to the extent applied for and approved by the Association and Commission.
 - h. The Board, the Administrator, the Service Agent, and any of their agents, servants, employees or attorneys, shall be permitted at all reasonable times to inspect the Member's work 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 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 thereof.
 - i. The Association shall at all times have in its possession, in a form acceptable to the State Corporation Commission, a current financial statement for each member. This requirement shall not apply to governmental entities which are not required by law to have an annual audit performed.
11. The Board is authorized to set aside from contributions collected a reasonable sum for the operating expense and administrative expenses of the Association. All remaining funds coming into the Board's hands during any fiscal year of the Association shall be used only for the following purposes:
- a. Payment of a fee, compensation or expenses for an Administrator.
 - b. Payment of a fee, compensation or expenses for a Service Agent.
 - c. Payment of all legal fees, accounting fees, or other miscellaneous expenses incurred by the Board or the Association.
 - d. Payments of liabilities imposed upon Members by the Act and Members' Employers Liability covered by this Agreement, including settlements, awards, judgments, legal fees, and costs in contested cases.
 - e. Payment of taxes and assessments levied and imposed by law and other fees and costs imposed by the Commission or the Workers Compensation Commission or Virginia or incurred in connection with matters and proceedings before the courts or agencies of the government.
 - f. Deposits with the State Treasurer, payment of the cost of bonds and excess insurance carried by the Association and auditing expense and examination costs required by the Association or its agents or employees by the Commission or the Workers Compensation Commission of Virginia.
 - g. After payment of claims and claim expenses and after provision has been made for open claims, any contingency reserve required by Section 12 (b) of the Commission's Rules and the costs and expenses described in the preceding subparagraphs, the Board may set aside such portion of any excess funds arising in any fiscal year as they, by resolution, find appropriate for the purpose of establishing and managing an additional reserve fund used for the benefit of this association; and any remaining amounts of such excess funds shall be distributed to Members or former Members in such manner as the Board may deem equitable, subject, however, to approval of any such distribution by the Commission.
12. The Association shall operate on a fiscal year from 12:01 a.m. July 1st to midnight of June 30th. Application for continuing membership, when approved in writing by the Board or their designee, shall constitute a continuing contract for each succeeding fiscal period unless canceled by the Board, or unless the Member shall have resigned or withdrawn from the Association by written notice as provided in paragraph 15.
13. The Association and each Member agree with each other Member, whether now or to become a Member, to be bound by all the terms and conditions to this Agreement.
14. The Members jointly and severally covenant and agree that there shall be no disbursements to Members or former Members of the Association out of funds of the Association by way of dividends or distribution of claim reserves until after provision has been made for all obligations of the Association under the Act and for Members' Employers Liability and except at the discretion of the Board upon application to and approval by the Commission.
15. Termination of a Member by the Association or by the Member or by withdrawal of approval by the Commission shall be thirty (30) days written notice to the Association, the Member, the Commission and the Workers Compensation Commission; provided, a Member may be terminated by the Association for nonpayment of premium upon ten (10) days written notice to the Member, the Commission, and the Workers Compensation Commission.

IN WITNESS WHEREOF, the Members of the Association have caused this Indemnity Agreement and Power of Attorney to be executed by the duly authorized Officer of the Association and by the Association's duly designated Administrator or Assistant Administrator and the Member has executed or caused the same to be executed as of _____, 20_____.

VADA Group Self-Insurance Association

By: _____
Officer of the Association

By: _____
Members' Signature & Title

By: _____
Administrator

By: _____
Member Firm

STATE OF VIRGINIA _____)
) to-wit:
CITY/COUNTY OF _____)

AFFIDAVIT OF MEMBER

_____, President;
_____, Secretary after being duly sworn,
depose and state:

1. That they are the described officers of _____ an “employer” as defined by the Virginia Workmen’s Compensation Act.
2. That it is the desire of said employer to become a member of the VADA Group Self-Insurance Association, pursuant to Section 65.2-802, Code of Virginia.
3. That under the requirements of Section 65.2-804 an employer may become a member of said self-group association if it is solvent and has the financial ability to meet its obligations as a member. The undersigned hereby depose that _____ is solvent and has the financial ability to meet its obligations as a member of the VADA Group Self-Insurance Association, according to the best of their information, knowledge and belief.

Name of Employer
By: _____
President

Attest:
By: _____
Secretary

Sworn and subscribed to before me this
_____ day of _____, 20_____

Notary Public

My commission expires: _____

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**NOTICE OF IMPORTANT GROUP SELF-INSURANCE
FACTS UNDER THE VADA PROGRAM**

1. All Virginia groups are assessable to meet all future obligations.
2. Dividends are not guaranteed and are payable according to the bylaws and Bureau of Insurance approval.
3. Coverage applies to Virginia exclusively.
4. Virginia Guarantee Fund is not applicable.
5. VADA GSIA classifications and audit procedures contained in the proposal are accepted.
6. Any member who withdraws shall not be eligible to receive any return from surplus accumulation until the applicable statute of limitation shall expire on all open or potential claims for the fiscal year involved.
7. You are encouraged to call VADA if you have questions regarding the program.

Accepted By

Date

(Must be signed by Corporate CEO)

Date

NCCI
P.O. Box 3098
750 Park of Commerce Drive
Boca Raton, Florida 33431

To Whom It May Concern:

Please use this as your authorization to release our current experience modification rating information to VADA Group-Self Insurance Assn., PO Box 5407 Richmond, VA 23220-0407. Account 2270721, Site 587186.

Sincerely,

Name
Title