

PARTICIPATION AGREEMENT

Monthly Self Reporting

This contract and participation agreement is entered into by and between the AUTOMOTIVE AFTERMARKET FUND (Formerly, Alabama Automotive Wholesalers Workers' Compensation Self-Insurer's Fund) (the "Fund") and _____ "Employer" on the terms and conditions hereinafter set forth.

1. **Definitions**

- A. Board - the Board of Trustees of the Fund
- B. Fund Year - _____
- C. Service Organization - York Risk Services Group, Inc.
- D. By-Laws - a document approved by the Board which governs the operation of the Fund
- E. Claim - a report of injury or illness which may give rise to payment of workers' compensation benefits
- F. Initial Enrollment Period- _____
- G. Director - Director of the State of Alabama Department of Labor

2. **Term of Agreement**

This agreement will commence at 12:01 A.M. on _____ and terminate on the last day of the same calendar year as commencement and will be automatically renewed on subsequent anniversary or period dates unless 30 days written notice of cancellation is given by the employer or the Fund unless notice is for nonpayment, then notice is 10 days.

3. **Appointment of Agency**

Employer agrees to appoint the trustees of the Fund or their authorized designees to act as employer's agent(s)-in-fact in all matters relating to the Workers' Compensation Act.

4. **Contributions**

Employer agrees to pay to the Fund an annual contribution as established by the trustees and approved by the Department of Insurance and Department of Labor of the State of Alabama as required.

5. **Contributions Payment**

Except for initial contributions as provided for in section 6 hereof, employer agrees that the annual contribution is to be paid monthly along with monthly self audit payroll reports due the 15th of each month. Employer agrees that failure to make contributions at the time or times and in the manner described will result in cancellation of coverage.

6. **Initial Contribution**

For the year in which employer first participates in the Fund, Employer agrees to make an initial contribution payment equal to twenty-five (25) percent of the annual contribution due.

7. **Retrospective Rating Plan**

Employer consents to the terms and conditions of the Retrospective Rating Plan and consents to the Board's authority to amend or modify the terms of such plan as the Board deems necessary in order to preserve the Fund's reserves. Employer agrees that retrospective returns on earned contributions shall be based solely upon the terms and conditions of the Retrospective Rating Plan. In order to be eligible for any retrospective return, Employer agrees and acknowledges it must have had membership in the Fund during the fiscal year to which the return applies and must have membership in the Fund at the time of receipt of the return. Employer agrees that it will have no rights to any retrospective returns for any fiscal year made after withdrawal, termination, or cancellation of membership in the Fund.

8. **Additional Contributions or Assessments**

Employer agrees that in addition to the payment of the annual contribution, it will pay any additional contribution assessments which may from time to time be required by the Fund trustees in order to ensure that the Fund has sufficient money to satisfy the liabilities of the Fund.

9. **Joint and Several Liability**

Employer agrees that it and other participating employers and the Fund are jointly and severally liable to assume and discharge, by payment, any claim due to be paid, any settlement approved by the Fund and any judgment under the Alabama Workers' Compensation Act against the Fund and any Fund member.

10. **Laws, By-Laws, Rules and Regulations**

Employer agrees to comply with the Law, the By-Laws of the Fund and all rules and regulations of the Director governing self-insurance funds.

11. **Reporting of Claims**

Employer agrees to report to the service organization all accidents or illnesses which may give rise to a workers' compensation claim within the time prescribed by law and in such manner and on such forms as may be prescribed by the Fund or the service organization.

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12. Settlement of Claims by Employer

Employer agrees that it will not settle, commute, pay or in any way dispose of a workers' compensation claim incurred while it participates in the Fund and that any such settlement, commutation or payment may relieve the Fund of any liability with regard to such claim.

13. Withdrawal of Employer from Fund

Employer agrees that it may withdraw its participation in the Fund at the end of any contract year or period provided it has given at least 30 days notice to the Fund of intent to withdraw. Employer hereby recognizes its continuing joint and several liability for Fund obligations which accrued or may accrue for the period during which Employer has participated in the Fund.

14. Change in Member's Legal Status

Employer agrees that coverage is provided by the Fund to the legal entity described as the employer herein and will upon any change in legal status notify the Fund and complete a new participant application under the new legal name.

15. Non-Payment of Contributions

Employer agrees that in the event it fails or refuses to make the payment of contributions, the Fund has the right to treat such non-payment as breach of this agreement and terminate the participation of the employer by giving ten (10) days written notice. Employer agrees that the Fund has the right to collect any and all contributions that are earned preceding such termination. Employer agrees that it will pay all cost of collection, thereof, including reasonable attorney fees and the maximum rate of interest allowed by law on any past due contribution.

16. Annual Audits/Payroll Information

Employer agrees to submit to an annual audit of payroll and other related records. Employer will cooperate with Fund auditors and make available to the Fund all information necessary to conduct such audits. Employer also agrees to make available to the Fund any payroll information needed to establish contribution rates to be used upon initial participation in the Fund.

17. Claims Payment

The Fund will process, investigate and pay valid and appropriate workers' compensation claims made by employer's covered employees during the term of this agreement subject to the terms of the Alabama Workers' Compensation Law and applicable rules and regulations of the Department of Labor.

18. Service Organization

The Fund agrees to enter into a contract with an approved Service Organization to service its members with respect to claims adjusting and any other services which may be agreed to between the Service Organization and the Fund including the provision of loss control services and underwriting.

19. Reports

The Fund agrees, through its service organization or otherwise, to develop and maintain reports relating to coverage, accident experience, compensation and medical payments and such other reports that may be required by the director.

20. Excess Insurance

The Fund agrees, through its service organization or otherwise, to obtain a contract or contracts of excess insurance to cover liabilities of members and/or the Fund with such coverage and limits as may be approved by the director.

21. Security

The Fund agrees to deposit with the director such surety as he may require and that such surety shall be transferred to or made payable to the director for his use in the event the Fund cannot meet its liability to pay a claim or claims.

22. Agreement

Employer agrees that by executing this agreement it understands and agrees that the fund is simply a legal vehicle by which each member has joined in providing a self-funded worker's compensation program to provide workers' compensation benefits to its employees under the laws of the State of Alabama.

IN WITNESS WHEREOF, the parties hereto execute this agreement this ____ day of _____, 20 ____.

AUTOMOTIVE AFTERMARKET FUND

BY _____, Fund Representative

EMPLOYER:

BY _____, Employer Representative

Name of Company

Address