

## MEMBERSHIP APPLICATION POWER OF ATTORNEY

WHEREAS, the undersigned is a resident of a state in which the UMIA is licensed and is a physician licensed to practice medicine in that state; and

WHEREAS, the undersigned desires to become a member of a reciprocal inter insurance exchange for the purpose of exchanging among subscribers reciprocal agreements of indemnity against professional and premises liability; and

WHEREAS, the undersigned desires to appoint an attorney-in-fact to effectuate the UMIA;

NOW, THEREFORE, the undersigned hereby agrees, warrants and acts as follows:

1. **Membership Application.** The undersigned hereby applies for membership in the Utah Medical Insurance Association, hereinafter referred to as the "UMIA", An Inter Insurance Exchange, organized under the laws of the state of Utah having its principal office at 310 East 4500 South, Suite 550 Salt Lake City, Utah. The undersigned submits herewith an Application for Insurance. If accepted as a member of the UMIA, the undersigned agrees to make all premium payments when due for policies of insurance issued in accordance with the rates schedule prepared from time to time by the Attorney-in-Fact, in compliance with sound and accepted insurance practices and reasonable standards fixed by the Board of Governors of the UMIA and approved by the Commissioner of Insurance of the state in which the undersigned resides and practices. The undersigned further agrees to abide by the Rules and Regulations of the UMIA as adopted by the Board of Governors and as amended from time to time by the membership of the UMIA. The undersigned subscriber warrants that he or she at the present time is a resident of a state in which the UMIA is licensed and is licensed to practice medicine in that state and that he or she will promptly notify the Attorney-in-Fact upon change of residency, or loss of license.

2. **Release of Information.** The undersigned hereby authorizes the release and exchange of all past and current information pertaining to underwriting and claims matters between his or her prior insurance carriers and agents and the UMIA.

3. **Appointment of Attorney-in-Fact.** The undersigned hereby appoints as his or her attorney-in-fact to effectuate the UMIA, the USMA Insurance Management Company, a Utah corporation having its principal office at 310 East 4500 South, Suite 550 Salt Lake City, Utah (hereinafter referred to as the "Attorney-in-Fact"). The undersigned grants the Attorney-in-Fact all powers and responsibilities set forth in this Agreement and understands and agrees that the Board of Governors of the UMIA shall exercise the undersigned's right in supervising the Attorney-in-Fact to assure conformity with this Agreement.

4. **Agents for Service of Process.** The undersigned hereby empowers the Attorney-in-Fact to accept service of process on behalf of the UMIA and authorizes the Attorney-in-Fact to execute any and all documents necessary to empower the Commissioner of Insurance of the state in which the undersigned resides and practices to receive service of process in actions against the UMIA upon contracts exchanged.

5. **General Powers.** Subject to the control, supervision and direction of the Board of Governors of the UMIA which shall retain all powers not herein delegated to the Attorney-in-Fact, the Attorney-in-Fact shall perform the services hereinafter specified for the management of the UMIA in an efficient manner in strict accordance with the law, with the applicable requirements of governmental and non-governmental regulatory and supervisory authorities and with generally accepted good insurance and business practices consistent with the financial well-being and general welfare of the UMIA. The Attorney-in-Fact shall be responsible for the administration and management of the UMIA, including, but not limited to, the production, underwriting and servicing of insurance for the UMIA members consistent with sound insurance principles.

6. **General Services.** The Attorney-in-Fact is empowered to perform the following services on behalf of the undersigned:

(a) Provide adequate personnel and facilities to perform the services herein agreed to be performed by the Attorney-in-Fact for the UMIA.

(b) Solicit, receive and accept or reject applications for insurance to be issued by the UMIA in accordance with general underwriting standards approved by the Board of Governors.

(c) Investigate and pass upon the desirability of risks involved in the applications for insurance in accordance with standards fixed by the Board of Governors.

(d) Underwrite, classify, rate and issue policies and binders of insurance and reinsurance for the UMIA which are actuarially sound, in accordance with sound and accepted insurance practices and with such standards as may be fixed by the Board of Governors.

(e) Establish and maintain for the UMIA and as the UMIA's property, complete and accurate records of all policies written by the UMIA, in accordance with the law, sound and accepted insurance practices and such statements as may be fixed by the Board of Governors.

(f) Collect, receive and account for all surplus deposits and premiums paid for insurance issued; and deposit all of said surplus deposits and premiums in a bank or banks to the account of the UMIA as soon as practicable in accordance with good business practices and standards fixed by the Board of Governors and pay therefrom the expenses provided by this Agreement, or as directed by the Board of Governors.

(g) Establish and maintain for the UMIA, and as the UMIA's property, all records required by law, sound and accepted insurance and accounting practices, and in accordance with standards adopted by the Board; and prepare for the UMIA all reports required by governmental and non-governmental regulatory and supervisory authorities, except income tax returns.

(h) Procure such reinsurance, automatic or facultative, required by law or sound and accepted insurance and business practices, keep the necessary records for the UMIA in connection therewith, and report all reinsurance treaties or agreements to the Board. No portfolio, quota share or coinsurance treaty or pooling agreement shall be executed without prior consent or authorization of the Board of Governors and every such transaction shall be reported to the Board at its next meeting after the making thereof.

(i) Subject to such standards as may be fixed by the Board, cede or accept, on behalf of the UMIA, without the prior consent of the Board, facultative reinsurance on any individual policy or two or more policies issued to, or with respect to, the same insured or insureds.

(j) Provide and equip proper and adequate offices, furnish all automobiles and other equipment, stationery, forms, printing and supplies for the conduct of the functions, required to be performed under this Agreement by the Attorney-in-Fact for the UMIA.

(k) Provide and maintain an adequate claims service and personnel and facilities for the handling of all claims against the UMIA and for the payment thereof on behalf of the UMIA. The Attorney-in-Fact shall recover promptly for the UMIA all reinsurance due on claims paid.

(l) Appoint and terminate agencies in accordance with specific directions by the Board of Governors.

(m) At the request of any member of the Board, furnish him or her, within a reasonable time, with the most recent operating statement and balance sheet of the UMIA.

(n) Retain investment counsel for the UMIA.

(o) Subject to ratification by the Board of Governors or an appropriate committee thereof and subject to investment policies determined by the Board, the Attorney-in-Fact shall negotiate and consummate investment transactions of the UMIA.

(p) Prepare mailings, advertisements, newsletters and other promotional material for the UMIA, in accordance with reasonable standards fixed by the Board.

(q) Do any and all things necessary to carry out the foregoing.

7. **Operating Expenses.** Subject to the provisions of Paragraph 9 hereof, the Attorney-in-Fact shall bear all expenses in connection with the services specified in Paragraph 6 hereof to be rendered by the Attorney-in-Fact in connection with the affairs of the UMIA, including the payment of commissions to brokers or agents, except the following charges, which costs and expenses are to be borne by the UMIA:

(a) Special expenses authorized by the Board of Governors and for which the Board explicitly assumes payment responsibility.

(b) Losses and claim payments under contracts of insurance written by the UMIA.

(c) All allocable claims expense as defined in the National Association of Insurance Commissioners Examiners Handbook under "Claim Adjustment Services," except that the cost of outside claims adjustment facilities shall be included in unallocable claims expense and borne by the Attorney-in-Fact.

(d) Governmental charges, license fees, Insurance Department fees and examination charges, board and bureau fees, all other statutory charges, and charges for services levied or charged against the UMIA or in connection with the UMIA's business.

(e) Taxes, state, local and federal, imposed upon the UMIA.

(f) All fees and expenses of auditing the UMIA's books and records by independent auditors and of preparation or review by the UMIA's accountants of the UMIA's income tax returns over and above the furnishing of basic income tax data for the UMIA by the Attorney-in-Fact.

(g) All fees and expenses in connection with the collection of premiums, including, but not limited to, fees and expenses of attorneys, collection or credit agencies.

(h) Fees and expenses of the Board.

(i) Premiums on reinsurance ceded.

(j) Fees of independent or salaried investment counsel selected by the Board.

(k) Direct investment expenses, other than accounting and administrative services performed by the Attorney-in-Fact.

(l) Salaries and expenses of officers and employees of the UMIA, as authorized by the Board.

(m) Expenses of disbursement of dividends to policyholders, if any, preparation and mailing of notices of subscribers' meetings of the UMIA and the holding of such meetings and printing and mailing of reports to subscribers of the UMIA.

(n) Interest payments on money loaned to the Attorney-in-Fact.

**8. Fees.** The fees of the Attorney-in-Fact shall be computed upon the basis of insurance accounting practices acceptable to the Insurance Commissioner of the State of Utah. Subject to the provisions of Paragraph 9, the maximum fees of the Attorney-in-Fact for each 12 month period shall be as follows:

(a) The underwriting fee for all lines of insurance shall be twenty (20%) percent of the billed premiums, less return premiums written off as uncollectible. On reinsurance assumed, the Attorney-in-Fact shall be entitled to such underwriting fee as is fixed by the Board of Governors.

(b) For services in connection with the funding of the UMIA, and/or the increasing of the surplus of the UMIA, the Attorney-in-Fact shall be entitled to an amount mutually agreed upon by the Attorney-in-Fact and the UMIA, said amount to be within allowable limits, if any, then in effect pursuant to Utah law, but in no event shall such amount be in excess of fifteen (15%) percent of the gross amount raised.

9. **Reimbursement of Fees.** Any and all fees to be paid to the Attorney-in-Fact by the UMIA, shall, notwithstanding any other provision herein contained to the contrary, be calculated in such a manner as to precisely offset the expenses of the Attorney-in-Fact (determined in accordance with generally accepted accounting principles for insurance underwriting companies) incurred in performing the services on behalf of the UMIA provided for herein. To the extent that fees established under any other provision of this Agreement exceed such expenses of the Attorney-in-Fact, as of the end of each fiscal year of the Attorney-in-Fact during which this Agreement is in effect, such excess amount shall, at the option of the UMIA, be returnable to the UMIA or shall serve as a credit against fees thereafter becoming payable by the UMIA pursuant thereto.

10. **Renegotiation of Fees.** The basic fees of the Attorney-in-Fact shall be renegotiated by the Attorney-in-Fact and the UMIA on the second and each succeeding Anniversary Date of the Management Agreement-Power of Attorney between the Attorney-in-Fact and the UMIA with a view toward establishing a rate which shall equal the expenses of the Attorney-in-Fact. In the event that the parties thereto are unable to agree upon such an appropriate rate, the matter shall be submitted to arbitration pursuant to the terms of the Management Agreement-Power of Attorney.

11. **Underwriting.** Although the Board of Governors of the UMIA shall prescribe and determine the general policies of the UMIA governing underwriting standards, classes of risk to be accepted and lines of insurance to be transacted, the Attorney-in-Fact or its appropriate committee or officers shall have the exclusive power to determine whether an individual applicant qualifies as an acceptable risk for insurance coverage within the established general underwriting guidelines.

12. **Term and Termination of Power of Attorney.** The undersigned agrees that the power of attorney granted herein to the Attorney-in-Fact shall be irrevocable and shall remain in full force and effect during the term of the Management Agreement-Power of Attorney entered into by and between the UMIA and the Attorney-in-Fact, or until said Management Agreement is terminated. The said Management Agreement shall specify the manner in which the parties thereto may terminate the said Agreement and shall specify the manner in which disputes may be arbitrated.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_

\_\_\_\_\_  
Signature

Please type or print your name and residence address:

Name \_\_\_\_\_

Street \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_